

## On Anniversary, Pride And Angst in Pakistan

Muslim Violence Prompts Soul-Searching

By John F. Burns  
New York Times Service

LAHORE, Pakistan — With the sun sinking into the haze over this old Mogul city, hatred between rival Muslim sects brought three masked men bursting into the 400-year-old Shahi mosque. Shouting "Infidels!" at rows of men and boys prostrated during evening prayer, the intruders leveled Kalashnikov rifles. In the fusillade, 10 worshippers died.

The attack last week, and a dozen others like it that killed at least 70 people in the Lahore area in the first 10 days of August, has riveted Pakistanis and dominated front pages and conversations here just as the nation marks the 50th anniversary of its birth Aug. 14, 1947.

To many here, the staccato of bombings, shootings and grenade-throwings by religious extremists seemed like a devil's parody of the violence that has blighted the country through much of its existence.

Taking stock of their country after its first half-century, Pakistanis have found much to regret, but also much that makes them proud. Starting from little in 1947, when the country was carved out of British India as a homeland for Indian Muslims, Pakistan has been burdened by poverty but also has scored impressive successes.

It has a large industrial base, with steel mills, chemical plants and truck factories, and its scientists, with help from China and materials smuggled from Western countries, have developed a stockpile of nuclear weapons.

The country's armed forces, while weighing down a national treasury that is \$60 billion in debt, are among the most modern and efficient in Asia and have acquired themselves as United Nations peacekeepers in Somalia, Bosnia-Herzegovina and elsewhere.

Best of all from the viewpoint of many Pakistanis, the country is in some respects more up-to-date than India,

having never closed its economy to foreign trade and technology to the extent that India did.

Indians visiting Pakistan are often envious of the country's airlines, hotels and telephones, which rarely show the fustiness and inefficiency that define life in India.

For all these gains, Pakistan is also a country with serious problems, as the sectarian killings showed.

While the killings were concentrated in only one province, Punjab, they seemed to encapsulate for many Pakistanis their worst nightmares about the country.

In 50 years, Pakistan has endured military coups, assassinations, the loss

Fireworks and reflection mark celebrations in India. Page 7.

in 1971 of half the country in the civil war that created the nation of Bangladesh and repeated disappointments from its civilian politicians, who have often turned out to be incompetent and corrupt.

The mosque killings struck an especially deep chord in the nation's psyche because from its inception Pakistan was a country established as a refuge for Muslims who would have been outnumbered by Hindus in a single Indian state.

The country's name, Pakistan, is both an acronym of some of the regions that were carved out of the India of 1947 and a word in Urdu, Pakistan's principal language, that means "land of the pure," a phrase drawn from Islamic theology.

Its flag is the Muslim color, dark green, and has the Muslim symbols of a crescent moon and a star.

Arif Nizami, editor of The Nation, an influential newspaper in Lahore, said: "It's tragic, really tragic, that in the

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## Sudden Death in Arizona

Flash Flood Sweeps Away a Group of Hikers, And Search for Bodies, and Blame, Goes On

By William Booth  
Washington Post Service

PAGE, Arizona — On a sunny blue afternoon, a dozen men and women parked their cars, paid a few dollars admission to the Navajo Indians who were sitting in the shade under a shed. They walked a hundred yards across a bone-dry wash and entered a stony labyrinth known as Lower Antelope Canyon. They did not realize they were descending into their own tomb.

One by one, the tourists squeezed into a fissure in the earth, wriggling through the golden brown sandstone walls, down 100 feet (30 meters) by creaking wooden ladders, until they reached the sandy floor of the famous slot canyon. Its walls polished smooth by time, the crevice is so narrow in places a hiker can reach out and touch both walls.

That short hike Tuesday ended with the deaths of 11 people and the almost

miraculous survival of one man — one of the worst accidents in the western wilderness in recent memory.

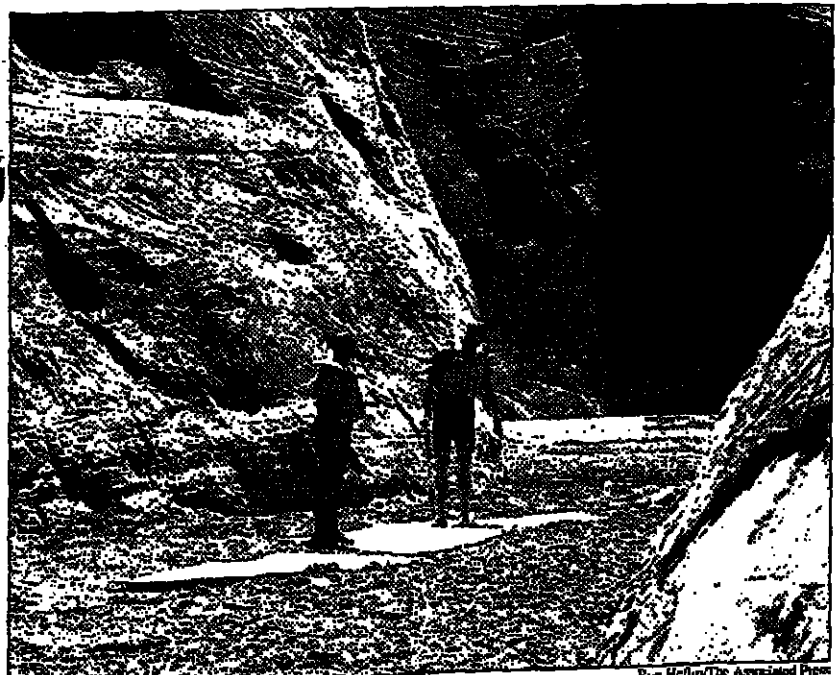
The hikers — all but two were foreign tourists — did not know that beyond a mesa 15 miles (25 kilometers) away, a severe thunderstorm was saturating the watershed with torrential rain and pebble-sized hail.

As the group admired the canyon's sculpted walls, the cathedral silence and the twisting snake of blue sky above, the gullies and washes those few miles away were fast filling with rainwater.

In these desert lands, such heavy rains create flash floods — deadly rivers of water, silt, sand and stone.

Sometime after 4 P.M., Ted Candelaria was on his way home from the Navajo Power Generating Station a mile away when he stopped and reported a raging torrent of water, as much as 10

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Divers searching flood debris in the canyon for the bodies of the hikers who were swept away in a torrent of water 10 feet high and 200 feet across.



SEEKING FAMILY — A boy from mainland China peering around the customs desk at the Lo Wu border crossing in Hong Kong on Friday. He and his sister were part of a group of 163 children, the first to arrive under a new immigration law that allows them to rejoin their parents.

## Africa: A Sign of Hope Amid the Turbulence

Economic Growth Catches Attention

By Lynne Duke  
Washington Post Service

JOHANNESBURG — When Texas-based SBC Communications Inc. and Telekom Malaysia Bhd. bought a 30 percent stake in Telkom South Africa, the state-owned phone company, the deal was as significant for its dollar value — \$1.26 billion — as for the message it sent to the world about African economic vitality.

One of Africa's largest steps toward privatization, the Telkom acquisition this year sent a loud and clear signal that South Africa, considered a financial gateway to Africa as well as a role model for it, was indeed open for business.

In selling off one of the state assets that have proved such a drag on African economies, the deal embodied the growing commitment to economic reform in South Africa and elsewhere on the continent. With seven foreign companies taking part in the bidding, it also suggested that an African economic renewal might be under way.

Despite continued economic and political trouble on the continent, as well as structural problems that have yet to be solved, sub-Saharan Africa is growing in wealth as it democratizes. This leads investors to consider this once-marginalized continent a market worthy of their attention and money.

The economic growth in several countries has raised eyebrows. Ethiopia and Uganda, once wracked by war and despotic mismanagement, led East Africa last year with growth of 11.9 percent and 9.4 percent, respectively, according to the World Bank. Malawi, with growth of 16.1 per-

cent, is leading the south, followed by Zimbabwe with 8.1 percent and Mozambique with 6.4 percent.

South Africa remains this region's economic anchor and magnet for foreign investment, though its growth was a modest 3.3 percent.

In West Africa, meanwhile, Ivory Coast grew 6.8 percent, Togo 6 percent, and several other countries expanded 4 percent or more.

The trend is fragile and new, with some of Africa's largest countries — notably the two Congos, Angola, Sudan and Nigeria — still in political turmoil or severe economic straits, or both.

But the traditional pessimism is giving way to a new conventional wisdom: that rumors of Africa's eternal ruin may have been greatly exaggerated.

"It's still fragile, it's still difficult, but for the first time there's good news coming out of Africa — and that's news," said Witney Schneidmann, senior vice president of Washington-based Samuels International Associates Inc., a consulting firm that focuses on corporate movements into Africa.

President Sam Nujoma of Namibia, speaking to participants at a recent African-American conference in Harare, Zimbabwe, seemed to suggest that an African moment was at hand.

On the continent, it is called an "African renaissance," based on a fresh sense of Africa's place in the world, a new kind of pragmatic leadership and a commitment to connect Africa to the global economy.

"We cannot afford to fail at the

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## Dow Falls by 247 As Investors Quiver

3.1% Tumble Biggest in 6 Years; Heavy Program Trading Cited

Compiled by Our Staff From Dispatches

NEW YORK — The Dow Jones industrial average sank 3.1 percent Friday as computer-driven selling and fears that the bull market had overvalued stocks sent prices spiraling.

The Dow Jones industrial average plunged 247.37 points to 7,694.66.

It was the worst drop in percentage terms since November 1991 and the second-biggest point loss for the Dow ever, surpassed only by the 508-point drop Oct. 19, 1987.

"It's on the ugly side," said Art Hogan, senior trader at Morgan Stanley, Dean Witter & Discover. "But most of it's program trading, investors selling futures, and that drives down equities."

The retreat pulled the Dow nearly 550 points back from its record high of 8,259.31 on Aug. 6. Since then, the roller-coaster market has dipped and risen on an overall downward trend, with the closing Dow figure changing direction three times.

The decline was due at least in part to computer-driven selling typical of "double witching" days such as Friday, when options contracts expire on stocks

and stock indexes. Some investors attributed the decline to an overdue correction of a recent run that made many blue chip and other stocks overvalued.

Investors are concerned that the U.S. economy may be accelerating at a pace that could rekindle higher inflation. A fresh surge in the seven-year-old economic expansion could prompt Fed policy makers to put on the inflation brakes by pushing up interest rates when it meets next week.

But the bond market posted a slight gain after trading lower for most of the day. The 30-year Treasury bond rose 1/32 to 97 25/32, taking the yield down to 6.54 percent from 6.56 percent.

"We keep looking for inflation," said John Snyder, executive vice president of John Hancock Funds. "We've been looking at that for the last two years, and it's not there. It just doesn't take too much to get people nervous and to get people to panic."

The Standard & Poor's 500-stock index declined 23.96 to 900.81. The technology-laden Nasdaq Composite Index

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## Violence Traps Tourists on Kenya Coast

Agency France-Press

MOMBASA, Kenya — More security forces were rushed here Friday to protect terrified Kenyans and foreign tourists from marauders who have killed at least 21 people around this Indian Ocean port.

Police officers closed the road from Mombasa to beach resorts south, and the authorities urged tourists in the area not to leave their hotels as police, army and navy units fought gun battles with around 100 armed men.

By Friday, hundreds of tourists were stranded in the south coast beach resorts.

One person was killed and two seriously hurt Friday during an attack

Factional fighting has worsened in the Republic of Congo. Page 4.

near Shika Adaba village as the trouble spread to a resort at Diani, the Kenyan Television Network reported.

Earlier reports on Friday said gunshots south of Mombasa had caused panic among passengers waiting for the Likoni ferry to take them to the Old Town on Mombasa island.

New groups of tourists arriving from Europe were being accommodated at the north coast hotel circuit, which has been quiet.

Waves of people fleeing the troubled area Friday afternoon were seen crossing from the south to the island by ferry, while others sought sanctuary at a nearby Roman Catholic mission.

Police said they had not yet been able to determine whether the cause of the violence was politically or criminally motivated.

The gang struck on Wednesday night, killing 13 people, including six policemen and seven civilians. In an orgy of violence that has left the city in a daze.

The raiders, who initially had only bows and arrows, ransacked a police armory and made away with 30 guns and between 3,000 and 5,000 rounds of ammunition before torching the building and releasing prisoners.

They then went on a rampage, burning down a tourist-police post, an administration center, trading stalls and a nightclub as well as two nearby villages.

Eight more bodies have been discovered by the authorities since, while 40 more people have been admitted to various hospitals in the port city, according to the Kenya News Agency.

Police have also listed four officers, including three women, as missing. The policemen were earlier reported kidnapped.

The Mombasa police chief, Francis Gichuki, said officers and army troops had arrested 36 people since the violence erupted.

There have been varying reports as to the causes of the outbreak, which ranged from a vendetta between the Kenyan Navy, whose base is nearby at Mtwapa on the southern mainland, and the police, to the southern mainland, and the police, to a series of high-handed swoops, to a guerrilla attack from the Lunga area on the Kenya-Tanzania border.

But Mr. Gichuki dismissed these theories, saying that so far, the police had no clue to the affair.

Likoni was the scene of fighting before the 1992 general elections.

## AGENDA

### UN Halts Pullout of Troops in Angola

UNITED NATIONS, New York (AP) — Secretary-General Kofi Annan is suspending the further withdrawal of United Nations' troops from

Angola, because former UNITA rebels have refused to comply with agreements toward national reconciliation. In a report to the Security Council, Mr. Annan said he would keep 2,630 UN troops in the African nation until at least the end of October. The decision is subject to the council's approval.

The Dollar			
	Friday 4 P.M.	previous close	
New York	1.8204	1.8397	
DM	1.6093	1.591	
Pound	1.17585	1.1785	
Yen	6.1425	6.2025	

The Dow			
	Friday close	previous close	
Dow	7694.66	7942.03	
S&P 500	900.81	924.72	

### INTERNATIONAL

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## A Key to Cancer and Aging?

Discovery of Long-Sought Protein Gives Scientists Hope

By Rick Weiss  
Washington Post Service

WASHINGTON — Two competing teams of scientists have found the long-sought protein in human cells that is thought to be the principal molecular villain in virtually every kind of cancer and may also be the "mainspring" of a molecular clock that is central to the aging process.

The finding could quickly revolutionize the diagnosis and treatment of cancer, researchers said, and could speed development of a novel class of compounds that may slow or reverse certain aspects of aging.

The newfound protein makes up the core of an enzyme called human telomerase, whose function is to keep cells healthy and "young" as they di-

vide. In its absence, cells grow visibly and functionally "old" — a process scientists hope to reverse with synthetic versions of the enzyme. The enzyme also occasionally gets overambitious, however, fostering the rampant and overly youthful degree of cell division called cancer.

Interestingly, scientists said, this newly discovered human protein turns out to be a chemical cousin of reverse transcriptase, the viral enzyme that allows the AIDS virus, HIV, to hijack human cells.

"That's one of the incredible ironies of this whole thing," said Thomas Cech, a Howard Hughes investigator at the University of Colorado and the lead scientist of one of the two teams. The

See PROTEIN, Page 7

## Spare the Rod? Spanking Seems to Spoil the Child in Long Term

By Rene Sanchez  
Washington Post Service

WASHINGTON — Spanking children is apt to cause more long-term behavioral problems than most parents who use that approach to discipline may realize, a new study reports.

Researchers who tracked the effects of spanking by hundreds of mothers over two years said they found consistently negative effects, regardless of the parents' socioeconomic standing or the amount of loving attention they also gave children.

Children who get spanked regularly are more

likely over time to cheat or lie, to be disobedient at school and to bully others, and to have less remorse for what they do wrong, according to the study by researchers at the University of New Hampshire. It is being published this month in the medical journal Archives of Pediatrics and Adolescent Medicine.

"When parents use corporal punishment to reduce antisocial behavior, the long-term effect tends to be the opposite," the study says.

The research matches findings of other studies suggesting that spanking and other forms of physical discipline can help produce low self-esteem or depression in children. But unlike much of that

work, this study tracks the behavior of children over two years and attempts to account for family background and parenting style.

In the study, spanking is defined as a physical "swat" that causes pain, not other more serious forms of force that cause injury, such as a lashing with a belt.

More than 800 mothers with at least one child 6 to 9 years old participated in the study. Forty-four percent said they spanked their children, and on average they resorted to it twice a week.

The children who were spanked showed more antisocial behavior than those who were not, re-

gardless of their age, race or sex, although the increase among spanked girls was smaller than among spanked boys. Children spanked most often also tended to show higher levels of antisocial behavior, the study found.

Rebecca Socolar, a professor of pediatrics at the University of North Carolina who has researched the effects of spanking, said the study presents the most compelling analysis yet of its risks. But she said it also leaves some important questions unanswered. One is whether the verbal abuse from a parent that often accompanies a spanking could be more harmful to a child than the physical contact.

Newstand Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Armenia	1,600 CFA	Oman	10.00 OMR
Bahrain	10.00 FF	Poland	12.50 FF
Brazil	10.00 FF	Romania	10.00 FF
Canada	1.100 CFA	Saudi Arabia	1.100 CFA
Chad	1.100 CFA	Senegal	1.100 CFA
Cyprus	2,800 Lira	Spain	225 Ptas
Dominican	1,250 CFA	Tunisia	1,250 Dh
Egypt	1,250 JD	U.A.E.	10.00 Dh
France	700 FF	U.S. MA. (Euc.)	\$1.20









# McVeigh Speaks, Quoting Brandeis

## At Sentencing, His Cryptic Remarks Appear to Condemn Waco Siege

By Jo Thomas  
New York Times Service

DENVER — When Timothy McVeigh finally broke the silence he had maintained throughout his trial and conviction for the Oklahoma City bombing, his four-sentence statement was exceptionally brief and its meaning obscure to many in the courtroom.

Moments before a federal judge imposed the death sentence that a jury had voted for the 1995 terrorist killing of 168 people in the Alfred P. Murrah Federal

Building, Mr. McVeigh said in the controlled voice of a student giving a recitation:

"I wish to use the words of Justice Brandeis dissenting in *Olmstead* to speak for me. He wrote: 'Our government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example.' That's all I have."

Mr. McVeigh was referring to the dissent of Justice Louis Brandeis in a 1927 Supreme Court decision, *Olmstead v. United States*, which upheld the use of evidence gained via wiretapping.

Stephen Jones, Mr. McVeigh's lead lawyer, and Christopher Tritico, another member of the defense team, both declined to speculate later as to why the defendant had chosen the quotation, although Mr. Jones said it was a favorite of his client.

In the passage from which the quotation was taken, Justice Brandeis warned that the government may not commit crimes to enforce the law and may expect "terrible retribution" if it does.

Mr. McVeigh's lawyers said at his trial that the defendant felt the government had broken the law in its 1993 raid on the Branch Davidian cult's compound near Waco, Texas, in which about 80 people died.

Mr. McVeigh's remarks Thursday were so fleeting that U.S. Attorney Patrick Ryan, who was in the front row with the rest of the prosecutors, confessed afterward, "I didn't catch it all."

And they were so cryptic that families of the bombing's victims were not sure what he meant.

"I don't know if he was referring to the Waco deal or what," said Roy Sells, 63, a retired Air Force employee whose wife, Leora, was among those killed in the truck bombing.

"I wish he would've quoted something from his own heart instead of out of somebody else's book. I wanted to hear what he had to say about it."

Leaving the courtroom, Joseph Hartzler, the lead prosecutor in the McVeigh case, said, "Do me a favor. Don't interpret his words as those from a spokesperson or statesman."

The sentencing proceeding took just nine minutes. No member of the defendant's family was present. Seated in the front of the spectators' gallery was the entire legal team for Terry Nichols, who is to go to trial Sept. 29, facing the same charges as Mr. McVeigh.

Mr. McVeigh's execution, if it is ultimately carried out, will be by lethal injection. Federal law calls for the manner of execution to be consistent with that of the state where the sentence is imposed, and injection is the method used by Colorado.

Although Mr. McVeigh has proclaimed his innocence, in the statement he read he appeared to be acknowledging his act, by pointing to justification for it.

That interpretation of his remarks, in any case, would seem to be strengthened by the passage from which he took the quotation he cited in court. Immediately before that quotation, Justice Brandeis wrote:

"Decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizen. In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously. And immediately after the quotation chosen by Mr. McVeigh, the justice wrote:

"Crime is contagious. If the government becomes a lawbreaker, it breeds contempt for the law; it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of the criminal law the end justifies the means — to declare that the government may commit crimes in order to secure the conviction of a private criminal — would bring terrible retribution."

### POLITICAL NOTES

#### A Move to Relax Affirmative Action

WASHINGTON — The Clinton administration has set in motion changes in one of its premier affirmative action programs that would make it easier for white-owned firms to qualify for government contracts that have been reserved almost exclusively for minorities.

The planned changes in the Small Business Administration program, announced Thursday, are part of the administration's continuing effort to modify federal affirmative action policies in the aftermath of a Supreme Court ruling in 1995 that restricted the use of race as a consideration in awarding federal contracts.

Administration officials and others who follow the issue say the changes in regulations could mean that an additional 3,000 companies will become eligible to apply for contracts under the program. Most of them will probably be owned by white women — a fact that distressed members of minority groups who said they feared the effect would be to give them a smaller share of federal contracting dollars.

In the last fiscal year, 6,115 companies — all but 27 of them owned by members of racial or ethnic minorities — were awarded federal contracts totaling \$6.4 billion. (NYT)

#### China Complains Of Hostile Congress

WASHINGTON — While President Bill Clinton pursues a policy of closer relations with China, a senior Beijing official has complained to the White House national security adviser, Samuel Berger, about what China's leaders perceive as widespread anti-China sentiment in Congress, according to a senior administration official.

Mr. Berger was in China this week for meetings in advance of President Jiang Zemin's visit to Washington in late October. During Mr. Berger's visit, according to a senior administration official, the Chinese repeated their previous denials that they engaged in attempts to buy influence by illicitly funneling money into U.S. elections last year.

This question is being investigated by a Senate panel looking at potential campaign fund-raising abuses. Contributions to federal campaigns by foreign companies are illegal.

The Chinese official who serves as Mr. Berger's counterpart, Lia Hua Qiu, noted his distaste for the committee's proceedings but seemed more concerned with a broad range of pending legislation that the Chinese believe is provocative or unfairly punitive, according to the administration official.

Among the bills pending in Congress that most seriously concern Beijing, the official said, was a resolution that urges that Taiwan be given full representation in the United Nations. (WP)

#### A Slippery Figure In Funds Scandal

WASHINGTON — For six hours this month, the House committee investigating campaign-finance abuses was tantalizingly close to contacting the elusive Yuh Lin (Charlie) Trie, the man at the heart of the campaign-finance scandal who disappeared from the United States and fled to China.

But once again Mr. Trie slipped away, checking out of a Beijing hotel Aug. 2 before the committee investigators could reach him by telephone.

Six hours before Mr. Trie's departure, congressional investigators were told of Mr. Trie's whereabouts by the State Department, which received a tip from the Chinese government. The committee has long been pressing the administration to ask the Chinese for help in locating Mr. Trie.

For the State Department to give up a phone number to reach him within a six-hour period is just ludicrous," said Dan Burton, the Indiana Republican who is chairman of the committee. "This man brought \$720,000 to the president's legal defense fund, and laundered \$1 million worth of foreign money through the Democratic National Committee. They don't want him here." (NYT)

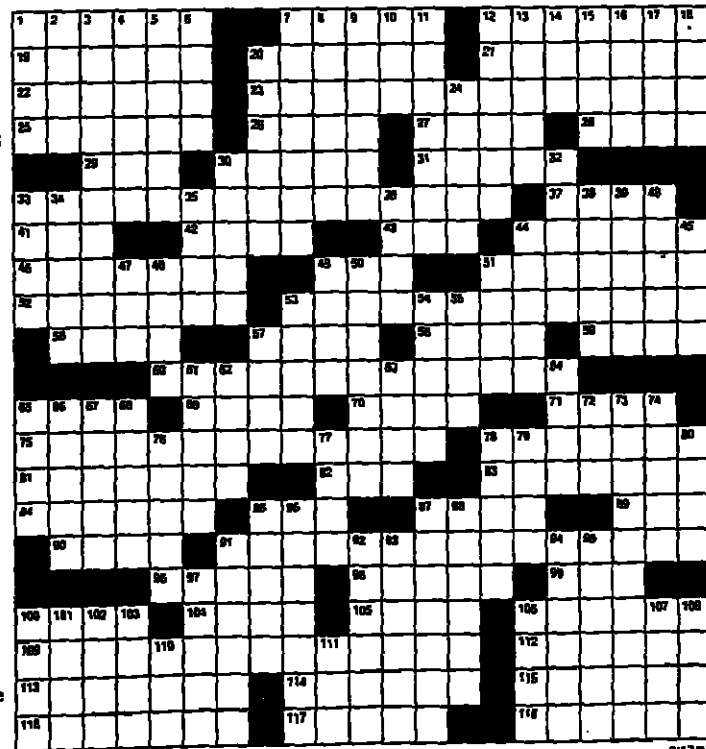
#### Quote/Unquote

Jonathan Stein, general counsel of Community Legal Services in Philadelphia, on federal officials' denial of cash benefits to 95,180 disabled children, or more than half of those whose cases were reviewed under standards set by the 1995 welfare law: "Congress set a somewhat stricter standard, but the administration has misinterpreted it and applied it in an arbitrary, anarchic way, with extraordinary variation among states." (NYT)

### DISPOSSESSED By Cathy Millhauser

- ACROSS
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  - 27 "The Clan of the Cave Bear" author
  - 28 Charlotte's web site
  - 29 Developmental period
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  - 31 Rabbit's successor
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  - 2 Composer (Kuchaturian)
  - 3 Back talk, to one prophet?
  - 4 Crop up
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  - 6 J.F.K. jet set
  - 7 1995 cop on the spot
  - 8 Like some garages
  - 9 Montreal, for one
  - 10 Guitar designer
  - 11 Fender
  - 12 Stephen King title
  - 13 Capacious
  - 14 Member-supported org.
  - 15 Abu Dhabi denizen
  - 16 "Naked Maja" painter
  - 17 By any chance
  - 18 Laura or Bruce of film
  - 20 Hot
  - 24 Political debates, often
  - 30 Washstand toppers



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STRIKING — Masked demonstrators using a bus to barricade a road in La Plata, south of Buenos Aires, during a 24-hour strike that ended Friday. The action was called to protest government economic policies.

## Maneuver Brings Good Luck to Mir

By Daniel Williams  
Washington Post Service

MOSCOW — Maybe Mir's luck has changed.

The three-member crew aboard the Russian space station got off to a smooth start Friday on its mission to repair the hardluck craft. The cosmonauts Vitali Soloviyev and Pavel Vinogradov along with the U.S. astronaut Michael Foale circled Mir in a Soyuz space capsule to inspect the station's damaged exterior for the first time.

The 45-minute operation went without a hitch, something rare for Mir in recent months. Only 24 hours earlier the cosmonauts re-

paired a clogged oxygen generator that was one of the latest of many recent breakdowns on Mir. Mr. Soloviyev and Mr. Vinogradov made the repair shortly after taking over from their fellow cosmonauts, Vasili Tsibilyev and Alexander Lazutkin, who returned to Earth. They said they just turned the machine on and off, and that it started working again.

The speed with which the two new cosmonauts worked is bound to reflect badly on the two they replaced. Mr. Tsibilyev and Mr. Lazutkin had worked more than two weeks without success to repair the oxygen machine.

Mr. Tsibilyev has been all but branded a loser in the Russian press. He has been criticized for a June 25 collision with a cargo vessel that has left Mir operating at about one-half of its regular power and has put one of Mir's six modular chambers out of op-

eration. In his first comments to reporters Thursday, Mr. Tsibilyev said, "It's easy to find a scapegoat."

On Friday, a high-ranking military official tried to soften criticism from President Boris Yeltsin indicating that Mr. Tsibilyev was to blame for the accident. But the air force commander in chief, Pyotr Deinekin, said that Mr. Yeltsin would not let Mr. Tsibilyev be made a scapegoat, the Interfax news agency reported. He hinted that some fault may lie with ground controllers who may have made "impromptu decisions to test insane ideas."

The human error vs. mechanical failure debate has important consequences. If blame is placed on the cosmonauts, it implies that Mir is mechanically sound and just needs professional handling. On the other hand, if the machinery is to blame, then Russia may be hard pressed to

continue promoting Mir as a viable space station.

Russia makes money taking foreign astronauts on Mir who perform their own scientific experiments there; Michael Foale is the latest in a string of Americans who have been on Mir.

If the space station is judged mechanically or structurally decrepit, the foreigners may stop visiting and the funds will dry up.

But for the moment, the emergency atmosphere that surrounded Mir seems to have abated. The two new cosmonauts are fresh, and of its main life support systems, only a water purifier is out of order.

Friday's inspection — from about 21 meters (70 feet) away — was meant to give the cosmonauts an idea of how badly the Spektr module was damaged in the June collision and whether any part of Mir was dented.

#### Away From Politics

More U.S. adults than ever, 5.5 million, were in jail, on probation or on parole in 1996, the Justice Department reports, up from 5.3 million in 1995, representing 2.8 percent of the adult population. (AP)

A grand jury has decided not to bring criminal charges against the Marine who shot a Texas teenager three months ago in an anti-drug operation along the Texas-Mexico border. (NYT)

The army has dropped rape charges against a drill sergeant, reducing to one the number of soldiers successfully prosecuted for rape in its widely publicized investigation of sexual misconduct at the Aberdeen Proving Ground in Maryland. (WP)

The food industry soon will be able to accurately detect the deadly E. coli bacteria in meat, produce and other products within 10 minutes, the Agriculture Department said in unveiling the test. Current tests require 48 hours or more. (AP)

A federal judge has denied the National Labor Relations Board's request for an injunction that would have given hundreds of former strikers the chance to return quickly to jobs at The Detroit News, the Detroit Free Press and Detroit Newspapers Inc. (AP)

## Jack Delano, Photographer, Dies

New York Times Service

NEW YORK — Jack Delano, one of the few surviving members of the group of photographers who fanned out throughout the United States in the 1930s and '40s on behalf of the New Deal's Farm Security Administration and produced what have become iconic images of the Great Depression, died Tuesday at a hospital in Puerto Rico. He was 83 and had lived in Puerto Rico since 1946.

The cause was kidney failure, said his editor at the Smithsonian Institution Press, Amy Pastan.

Although he was not as well known as some of the other photographers in that group, who included Dorothea Lange and Walker Evans, Mr. Delano created images of people and places with elegance and empathy.

Some of his beautifully detailed, crisp black-and-white prints show the Evans influence, but the Delano stamp was very much evident.

In one strikingly Vermeer-like photograph, taken in 1941 in Greene County, Georgia, a young, somber woman stands by a doorway in the foreground, while beyond her other figures sit or stand by other doorways, each picked out by gentle light.

He is survived by a son, Pablo, of Hartford, Connecticut, a daughter, Laura Duncan, of New York, and three grandchildren.

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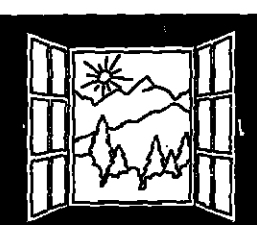
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# Congo Republic Factions Intensify Their Struggle

**The Associated Press**  
**BRAZZAVILLE**, Republic of Congo — Battles between the two factions fighting for control of this country have intensified and spread to the north, state radio reported Friday, as the government accused its rivals of hiring foreign mercenaries.

The government's spokeswoman, Sophie Moukoyou-Kimbouala, accused the militia of the former military ruler, General Denis Sassou-Nguesso, of being aided by former soldiers of the ousted Zairian dictator, Mobutu Sese Seko, and by mercenaries from the neighboring Central African Republic.

The battles between General Sassou-Nguesso's forces and those of President Pascal Lissouba have sent thousands of people fleeing the country and forced Unicef to abandon the capital, Brazzaville.

Elias Olsen, a spokesman for Unicef, said Friday that heavy shelling had forced the children's agency to send its 25 staff members across the Congo River to Kinshasa. Thousands of refugees also have fled to Kinshasa, the capital of Congo, formerly called Zaire under Marshal Mobutu.

State-run radio in Brazzaville said the fighting was also fierce about 725 kilometers (450 miles) north of Brazzaville in the Likouala region. The latest flare-up in the war that broke out June 5 began last week after two weeks of relative calm.

The battles between the forces of Mr. Lissouba and General Sassou-Nguesso intensified this week and for the first time Thursday brought an angry response from the military in Kinshasa. Shells fired from Brazzaville landed in Kinshasa on Tuesday and Thursday. State-run radio in Kinshasa said the army responded with about a dozen shells that landed Thursday in Brazzaville.

Miss Moukoyou-Kimbouala blamed General Sassou-Nguesso for the shelling of Kinshasa. The government, which met Thursday in Brazzaville, also accused General Sassou-Nguesso of using Mr. Mobutu's former soldiers and Rwandan Hutu refugees to try to spark a "nationwide conflagration."



COMMEMORATIVE NOTE — Imperial Army veterans playing in honor of World War II victims at a Tokyo shrine Friday, the 52d anniversary of Japan's surrender.

## AFRICA: \$1.26 Billion Phone Deal Sends a Message That African Economies Are Open for Business

**Continued from Page 1**

point where our continent is at the threshold of success," Mr. Njuma told the Harare audience, which included American corporate executives making pledges of investment and boasting of deals already done.

However, an estimated 40 percent of sub-Saharan Africa's 600 million people still live on the equivalent of about \$1 a day, and only in a few countries is economic growth surpassing population growth.

The threat of political turmoil, institutionalized corruption and a

track record of backsliding on reforms — such as the subversion of reform legislation by high officials who grant special favors and exemptions to their cronies — suggest that current growth levels in some countries are fragile and could easily fall.

State control of economies through nationalization of mines and other enterprises and vast expenditures on padded civil services left many African nations paralyzed by debt in the 1980s, the decade of a continent-wide economic crisis.

Two countries, Ghana and Uganda, which exemplified those

forced on them by multilateral lending agencies. They are now beginning to reap the benefits of macroeconomic stability. They are embracing policies once viewed as anathema, such as reducing public spending, balancing budgets, encouraging the private sector to grow and selling state enterprises.

South Africa's emergence has set an example as governments watch Pretoria's new economic policies develop and see them take a free-market turn.

But, in addition to its modest growth last year, South Africa had a

## MARKET: Dow Industrials Tumble 247 Points on Heavy Program Trading

**Continued from Page 1**

fell 24.65 to 1,562.04. Gillette and other large multinationals that had led the market higher fell the most.

"We don't have a bad economy, but earnings expectations are dramatically high, and most of the big stocks are overvalued," said Michael Metz, chief strategist at Oppenheimer & Co. Larry Babin, a money manager with Society Asset Management in Cleveland, said: "The large-cap compa-

nies are overvalued. Investors have huge profits, and they're looking for an excuse to sell."

Analysts cut their earnings estimates for Gillette after it posted lower-than-expected sales and profit growth in its Braun household appliance business in Japan and Germany. Shares of Gillette, the world's largest producer of razors, dropped \$4.8125, to \$85.875.

Investors increasingly are beginning to question the profit potential of

companies that in the past have consistently delivered strong earnings.

Doubts were raised last week after Coca-Cola, the world's largest soft drink company said net income in the quarter would rise just "slightly" from a year earlier.

Analysts said the company's six-year stretch of double-digit gains in quarterly profit per share may have ended. "Coke and Gillette are two preeminent consumer-growth names in the market," said Michael

### BRIEFLY

#### Outsiders Join Thai Cabinet

**BANGKOK** — Prime Minister Chuan Leekpai added two outsiders to his cabinet Friday, making a telecommunications tycoon and a former finance minister deputy prime ministers in charge of economic and financial issues.

Thaksin Shinawatra, a telecommunications industrialist, will assume responsibility for major projects, while Virabongse Ramangkura, the former finance minister, will be in charge of exports and fiscal and monetary matters.

The shake-up came as the Constitution Drafting Assembly gave final approval to a controversial new draft constitution. The draft contains clauses aimed at curbing military influence in politics and provisions for checks and balances against money politics and vote buying. The draft will be debated by a joint session of the National Assembly early next month. (AP/Reuters)

#### Smaller Hong Kong Voter Base

**HONG KONG** — Hong Kong's draft election law calls for the direct election of lawmakers by 2007, the constitutional affairs secretary said Friday, dismissing as "petty minded" concerns that proposals for next year's legislative elections will shrink the territory's voter base.

The proposals lay down rules for legislative elections which the government plans to hold by the end of May. The secretary, Michael Suen, said the proposals would shrink the voter base in 30 professional constituencies to 180,000 from about a million. (AP)

#### ASEAN Urges Cease-Fire

**BANGKOK** — The Association of South East Asian Nations called Friday for an immediate cease-fire in Cambodia, telling Prince Norodom Ranariddh that it was the first priority in finding a solution to the conflict.

But Prince Ranariddh, the ousted first prime minister, said he would not call a unilateral cease-fire unless he could first meet with Second Prime Minister Hun Sen, whose troops were advancing Friday on O Smach, the northern town that is the last remaining stronghold of royalist forces. (Reuters)

#### Salinas Brother Ends Silence

**MEXICO CITY** — The jailed brother of former President Carlos Salinas said a series of assassinations and kidnappings in 1994 was a plot to damage the Salinas government, Mexican newspapers reported Friday.

But Raul Salinas, speaking to reporters for the first time since his arrest in early 1995, did not say who was behind the plot. He was arrested on charges of masterminding the murder of a ruling party official. (Reuters)

#### For the Record

Japan and North Korea will hold preliminary talks in Beijing next week on resuming negotiations on normalizing their diplomatic ties, the Japanese foreign minister, Yukihiko Ikeda, confirmed Friday. (AP)

The United States said that it would revoke the visa of Theng Bunna, the Cambodian tycoon and prominent supporter of Second Prime Minister Hun Sen, who it contends is involved in drug trafficking. (Reuters)

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**THE INTERMARKET Continues on Page 13**

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## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Bigger Security Council?

Bill Richardson, the U.S. representative at the United Nations, has come up with an ingenious proposal to remedy an old problem at the world organization: the composition of the Security Council. He would expand the council by adding five permanent members: Germany, Japan, and three from the developing world. Enlargement is long overdue.

But on the critical matter of veto power — now wielded by the United States, Britain, France, Russia, and China — Mr. Richardson hedges. He says Washington has taken no position and would defer its decision as to whether newcomers should be given this powerful weapon. In our view, they should not.

In Cold War years, the veto, or its threat, repeatedly paralyzed the Security Council. That body's growing reliance on consensual decisions since 1990 is a notable and hopeful development, even though China did derail participation in peacekeeping in Haiti and the dispatch of military observers to Guatemala. Whatever the inequities of the current system, doubling the number of potential naysayers would be a remedy worse than the affliction it is designed to cure.

The case for expanding the Security Council is strong. It now numbers 15 members, 5 of them permanent and vested with veto power, the rest elected for two-year terms by the General Assembly and unable to overrule decisions with a single vote. The five permanent members all claimed their seats as victors in World War II. Since its birth, the United Nations has grown from 51 to 185 members, yet the Security Council essentially reflects the world as it was in 1945.

Germany and Japan, the war's defeated nations, are now among the world's most prosperous and stable democracies. They belong on the Security Council. Because both are

bound by postwar constitutions and custom to limit military activity beyond their borders, they cannot share equally in the financial or material burdens of UN peacekeeping missions. That is an additional reason they should not hold veto power.

The addition of other members is more difficult to manage because of matters of geographical fairness and the underrepresentation of Third World states. Granted, in adding a permanent German seat, Europe would be lopsidedly overrepresented. But Britain and France are unlikely to give up their seats, since they can veto any move in that direction. Italy, which now ranks fifth as a UN financial donor and which suffered peacekeeping casualties in Somalia and elsewhere, brides at being passed over by Germany and Japan.

Italy's proposal is to retain the existing permanent members but add 10 nonpermanent seats, in each of which three states would rotate. But the likely, unhappy result would be to replicate in the Security Council all the divisions and collusive back-scratching of the General Assembly. Twenty seems the absolute maximum for an effective Security Council. Even that enlargement poses a dilemma for the UN's contentious regional groupings.

If three permanent seats are added, who would speak for Africa — Nigeria or South Africa? Who would represent Latin America — Brazil or Mexico? Would India or Indonesia fill the Asian seat? Mr. Richardson wisely declines to express any preferences, saying Washington would accept a rotation system, or the designation of any single state. This is as it should be. Let the regions themselves decide. In any case, Mr. Richardson has moved an important discussion forward, assuring a livelier General Assembly when that body convenes next month.

—THE NEW YORK TIMES

## McVeigh's Travesty

At his formal sentencing in Denver on Thursday, Timothy McVeigh chose to quote a few of the words Justice Louis Brandeis used in a famous dissent in the Olmstead wiretapping case of 1928. The words could be construed, we suppose, as a statement about the uses of government power. But who would want to accept a convicted mass murderer as a legitimate interlocutor on this or any other issue in American jurisprudence?

As an unapologetic killer, he is an unlikely candidate for participation in a colloquy that has engaged honest citizens and ennobled American public life for several centuries. By his criminal misdeeds, Mr. McVeigh forfeited altogether any claim to be taken seriously by the American people as a spokesman for a certain ideological point of view. For him to invoke a distinguished man of the law in an evident attempt to justify his own patent contempt for the law is a travesty.

In fact, a strong and ringing statement about government power was made at the McVeigh trial, where a judge has now confirmed a jury's finding of guilt on all 11 counts of the original indictment, and also the jury's pronouncement of a death sentence. The statement was made, however, not by Mr. McVeigh but by the legal system that tried and convicted him. The system ensured a fair trial under the rule of law for someone who had repudiated the system and set himself above it. The lesson that the trial taught the people was that a free society can both defend itself and allot to its citizens a full panoply of legal rights. These rights Mr. McVeigh enjoyed even as his crimes mocked them.

There can be debate over the appropriateness of capital punishment in this or any other capital case. But there can be no debate, and there is none, over the appropriateness of a maximum penalty for someone whose personal zealot's code led him to take the lives of 168 people — an act for which he has shown no remorse.

Against the ultimate and heart-wrenching costs he inflicted on these innocent victims and on their families and communities, his calculated courtroom reach for personal vindication — for personal philosophical vindication, yet — goes beyond the petty to the cruel.

—THE WASHINGTON POST

## Making Planes Safer

It could be weeks — perhaps even months — before the U.S. National Transportation Safety Board can determine why Korean Air Flight 801 plowed into a hillside overlooking Won Pat International Airport in Guam early on Aug. 6, killing 226 people.

Still, some preliminary indications show that mechanical defects were not a problem. Investigators who have looked at the plane's flight data and heard the cockpit voice recorder have found no obvious mechanical reason for the crash.

The crew of Flight 801 said nothing to indicate trouble — which raises a likelihood that this flight will be found to have been a victim of the single greatest cause of death in aviation accidents: "Controlled Flight Into Terrain," or — as air safety officials say — "C-FIT." This is when an aircraft experiences no identifiable mechanical troubles but when a crew flies it into the ground.

It is a situation, however, to which technology is catching up fast, with a warning system that a number of U.S. as well as foreign airlines already have begun to install in their passenger jets. The instrument, called an enhanced ground proximity warning system, is considered capable of eliminating a large portion of all such crashes.

It can be installed relatively easily at a relatively low cost — \$55,000. The device has sophisticated sensors, complex data that can warn a crew up to a full minute before any potential accident and is deemed highly accurate.

Federal Aviation Administration officials are considering a rule that would require this system in aircraft, but it will take time to adapt it for all planes. Nevertheless, human error (not necessarily pilot error) always will present problems. While special devices can "see" and report physical conditions, they cannot eliminate human conditions such as confusion or fatigue.

New findings may show that additional conditions created troubles for the crew of Flight 801. Yet with a sense of urgency on the part of government as well as airline officials, the incidence of this kind of tragedy may someday be dramatically reduced.

—THE WASHINGTON POST

## As in Kenya, a Nation's Decline Is the World's Affair

By Jim Hoagland

WASHINGTON — The most intellectually intriguing document making the rounds here this summer may be the study by the Central Intelligence Agency of the origins and causes of the collapse of nations. The paper sets out to identify for senior policymakers factors that predict which countries will become failed states.

Population pressure, spending on arms, weather, massive government corruption and poor political leadership are said to be leading indicators for such disasters as Somalia, Bosnia, Rwanda and other nations where governments have evaporated or gone to war against some or all of its citizens.

A Michelin guide to political turmoil could be a best-seller in international circles. But you can understand the agency's reluctance to be specific about advice on how to spot three-star hells on wheels to come, imagine the hurt feelings and expulsions of spoils, that would follow.

But the need for more reliable indices of national stability and fragility is clear. This was underscored by the recent headlines out of Kenya, where President Daniel arap Moi faces street protests because of his dictatorial rule, and loan cutoffs internationally because of his government's corruption.

When I lived in Kenya in the early 1970s, there were two firm bits of conventional wisdom about that beautiful East African nation:

One was that Mr. Moi, a politician of limited intellectual ability who hailed from a minor tribe, was a transitional figure who could not survive long as president. The other was that Kenya's resources, international visibility and dynamic society would enable it to overcome its crippling internal ethnic rivalries and become a great African success story.

Neither prediction turned out to be true. Mr. Moi's unshakable hold on power for nearly 20 years has been accompanied by a steady decline in the nation's stability and prosperity. There can be little doubt now that the two factors are intimately connected.

It is a measure of Kenya's intrinsic strength that it has been going downhill every year for two decades in the eyes of many of its citizens, former residents and visitors, but still works as a center of global tourism and as a regional headquarters for business and international organizations.

The pragmatism of its founding pres-

ident, Jomo Kenyatta, and his advisers — as well as the munificence of Kenya's wildlife reserves, tea and coffee plantations and seaside resorts — gave Mr. Moi a substantial heritage to squander after he came to power in 1978, on Mr. Kenyatta's death.

Mr. Moi had been chosen as Mr. Kenyatta's vice president in part to secure a tribal alliance between Mr. Kenyatta's Kikuyu and Mr. Moi's Kalenjin followers. The Kikuyu politicians who squabbled over succeeding Mr. Kenyatta let Mr. Moi come to power on the theory that they could easily manipulate him and toss him aside later.

That was a disastrous miscalculation. Mr. Moi divided and conquered the Kikuyu, shuffling the army and internal security commands into the hands of his tribesmen and allies. He let corruption flourish to buy off his more pliable opponents, using harsher measures against others.

But Mr. Moi's misrule is now being challenged in the streets of Nairobi, where his police killed five demonstrators in a protest last month, and in the boardrooms of the world's leading international financial institutions.

In a departure from past practice, the International Monetary Fund late last

month suspended a \$220 million loan to Kenya because Mr. Moi failed to create a strong anti-corruption authority demanded by the fund. The World Bank has also recently delayed smaller loans to Kenya because of concern about corruption.

This apparently coordinated squeeze on official corruption in Kenya — and presumably elsewhere — is a welcome innovation. International organizations have for too long averted their eyes and treated corruption as an internal matter beyond their reach. Flagrant corruption that is tolerated or assisted by national governments is not a matter of protected sovereignty. It is a cancer on the international system as well as on the national state. It should be identified and combated more quickly than it has been in the past, as the existence of the CIA study seems to suggest.

The predicament becomes even more acute as Russia and China pursue efforts to join the global economy. The forms of corruption that plague these two ex-centrally planned economies differ, but raise many of the same problems present in Kenya. Corruption on a national scale is a proper target of international condemnation and action, as well as intelligence scrutiny.

The Washington Post

## Albright Can End the Leadership Vacuum in the Middle East

By Anthony Lewis

NEW YORK — By his own account, Dennis Ross achieved little in his crisis mission to the Middle East.

Palestinians and Israelis agreed only that their intelligence people would sit with a CIA official in trying to solve the recent Jerusalem terrorist bombings. Mr. Ross did not persuade Prime Minister Benjamin Netanyahu to stop withholding money due the Palestinian Authority. He did not touch on political issues, such as the Israeli settlement plans that derailed the peace process last March.

So the crisis continues. It has Israelis in a state of fear and Palestinians in one of despair, many thousands still blocked from work, the Palestinian Authority deprived of most of its funds. And it is a crisis, too, for American policy.

For years the United States has played the limited part of a facilitator in the peace process, leaving it to the parties to lead.

That worked when Yitzhak Rabin and Shimon Peres made the Oslo agreement with Yasser Arafat. It has failed under Mr. Netanyahu.

The reason is simple. Mr. Netanyahu has made himself a prisoner of his constituency. It is a constituency full of contradictions. But like others, it would respond to strong leadership — to a leader willing to state a vision and act boldly for it, shaping public opinion.

Mr. Netanyahu does not have, or at any rate has not shown, the political substance to dare greatly. An Israeli commentator put it. "He has made politics into kitsch: all gestures, disconnected gestures in all directions."

Mr. Arafat has his profound faults as a political leader. But because Israel is the dominant party, the wavering and weakness of Mr. Netanyahu have been devastating. They have

left the hopes for peace in limbo.

It is a dangerous limbo. Oslo persuaded the majority of Palestinians in the West Bank and Gaza to support the idea of living in peace alongside Israel. Their expectation, based on Oslo, was that they would have a state in which, however modest and disarmed, they could live their own lives free of Israeli domination.

Instead, the Palestinians find themselves in control of Gaza and some towns in the West Bank, but unable even to move between them when Israeli objects. The hope of a meaningful land of their own is fading as Israel carries on settlement-building in Jerusalem and the West Bank. And the Palestinians find themselves collectively punished for suicide bombings whose perpetrators may or may not have come from areas controlled by the Palestinians.

Against those menacing realities, Mr. Ross played the game in Mr. Netanyahu's court. He focused on Mr. Netanyahu's demand for a crackdown by the Palestinian Authority on a list of alleged militants. Did Mr. Ross ask what evidence there was of conspiratorial action by them? Does the United States support arrests on suspicion, amounting to preventive detention? Has the United States reckoned what that would cost Mr. Arafat politically?

Any criticism Mr. Ross had of the harsh Netanyahu policies was so muted you could hardly hear it. The Oslo agreement requires Israel to turn over taxes and duties collected from Palestinians. Mr. Netanyahu has withheld about \$40 million so far. Is it too much to expect the United States, guarantor of Oslo, to criticize that action loudly and clearly?

A leader who wants to make peace must have the capacity to understand the feelings of the

other side. The level of Mr. Netanyahu's understanding was shown when he said his withholding of funds was "not designed to encumber or discomfort the population."

Secretary of State Madeleine Albright has a chance to fill the vacuum of leadership when she makes her planned trip to the Middle East. She can do so by speaking out on the human cost of the present situation. She usually does not hesitate to raise her voice against wrongs. Given the expectations of Oslo, she could say in Jerusalem, it is intolerable that these conditions of fear and despair continue.

In other words, the secretary of state can supply what is missing now: leadership, the vision of what peace — realistic peace — can mean to both peoples. She has said that the United States is going to take a more assertive role in the Middle East. Here is her chance to give that promise meaning.

The New York Times

## In This Accidental Battle of Beauty and the Beast, She Wins

By Anna Husarska

SARAJEVO — We had both of them come here in recent days: Princess Diana and Richard Holbrooke.

First, the princess. I have dealt with dictators, war criminals and guerrillas, but never with royalty. For me, princesses and princes are just nuisances who steal headlines from far more important matters — such as ethnic cleansing or the civilian victims of war.

The princess of Wales agreed with me. We spoke more about land mines than about yachting over a recent dinner with eight other guests. It was — I hasten to say — my coverage of armed conflicts and human rights, not

my interest in Buckingham Palace, that got me on the guest list. The princess was invited by Land Mines Survivors Network, a Washington-based organization working to raise awareness about land mines.

Considering that she was simultaneously a target of a tabloid offensive about her private life, Diana came out royally untouched and managed to put the issue of land mines back in the news. On the whole, she achieved her goal.

But can the same be said of the architect of the Dayton accords? Here is a scorecard of

Richard Holbrooke, who led the latest U.S. diplomatic mission to the Balkans.

In that "have" column, he can boast of new agreements among the three ethnic groups jointly ruling Bosnia: on ambassadorial nominations, on a third digit in the telephone area code, and on a military commission. Mr. Holbrooke considers that "these are steps forward and pretty solid ones."

The "perhaps solid" lot contains yesterday's promises: that the former Bosnian Serb president, Radovan Karadzic, wanted by The Hague, will keep

his pledge to stay away from politics, and that the Croatian president, Franjo Tudjman, will keep his vow to help deliver Croats wanted by The Hague.

I discovered last week just how lacking in solidity those promises are. In Republika Srpska, posters of Mr. Karadzic (and the words, in English, "Don't Touch Him" and "He Means Peace") are plastered over almost every road sign. Incidentally making the rules of the road a challenge. In the Croatian-dominated town of Vitez, finding one's way may be tricky, too, because posters of two indicted war criminals cover the road signs there.

In the "yet to be solid" category is the well-known stuff: riding Bosnia of indicted war criminals, repatriating refugees, and achieving agreement on such all-Bosnian issues as designs for the currency and for license plates.

On balance, a few steps forward and not one step back. Positive, right? Not so fast. Mr. Holbrooke is known for his brawn in securing progress on issues everyone else has failed to resolve. But for the top negotiator of Dayton to announce that a common telephone area code for Bosnia is a "pretty solid" achievement only goes to show how modest expectations are these days. Mr. Holbrooke's image as a big-gun arbiter was deflated.

Likewise, the agreement on the distribution of ambassa-

orial posts is not the triumph it was depicted to be. Carlos Westendorp, the new high representative for Bosnia, had already taken the lead in negotiations over this issue and was well on the road to an agreement when the Americans simply came in to cross the T's and dot the I's. The credibility of the high representative was thus devalued.

By having the Bosnian Serb member of presidency, Momcilo Krajisnik, join talks in Belgrade with the Yugoslav president, Slobodan Milosevic, and by getting a "unilateral offer" from him that Mr. Karadzic will stay away from politics, Mr. Holbrooke has given extra clout to Mr. Krajisnik and unintentionally diminished the position of his rival, Biljana Plavsic, the Bosnian Serb president.

All of the above is neither all that "pretty" nor all that "solid." This has nothing to do with the negotiating ability of Mr. Holbrooke. It was simply wasted artillery fire. In contrast, Diana smartly used the flame of her love affair to illuminate the fate of land mine victims. Seen from Bosnia, the score is: "Beauty 1, Beast 0."

The writer is a political analyst at the International Crisis Group, a nongovernmental organization monitoring the implementation of the Dayton accords. She contributed this column to the International Herald Tribune.

## Once Again, Refugees in Danger

By Hiram A. Ruiz and Bill Frellick

WASHINGTON — An ominous situation is brewing on the Thai-Cambodian border. At stake are not only the lives and well-being of thousands of Cambodians, but also a principle of refugee protection: that people displaced from their homeland by conflict or persecution not be returned to a place where they would be in danger.

This is a fundamental principle that has already been battered on several occasions in Thailand this year, as when the Thai authorities forcibly returned or refused entry to refugees from Burma fleeing human rights abuse by the military regime there.

Now, fighting in northwest Cambodia is rapidly approaching O'Smach, where thousands of displaced Cambodians have sought refuge. The Thai authorities have said that they would permit Cambodians immediately threatened by fighting to enter Thailand, and have identified a site where they could be sheltered. This commitment deserves praise, even if Thailand is a reluctant host.

The Thai government has indicated that it does not want to become directly or indirectly involved in the internal affairs of Cambodia or Burma. But helping refugees is not equivalent to choosing sides; rather, it is a humane response to an emergency.

The Thai authorities have said that as soon as the fighting ends, all the Cambodians must return home. They claim that those at O'Smach are lo-

cal villagers who are only fleeing the fighting. But this is not the case. A number of them fled Phnom Penh, Siem Reap and other parts of Cambodia following the recent coup by Second Prime Minister Hun Sen, not because of generalized fighting but because they feared persecution. Many were supporters of the ousted first prime minister, Prince Norodom Ranariddh.

Should forces loyal to Mr. Hun Sen capture the O'Smach area, these people will, understandably, be afraid to return to O'Smach or anywhere else in Cambodia. Given the number of killings and arrests associated with the coup, such fears seem well-founded.

Arbitrary arrests, political killings and torture can, and do, occur in the absence of actual fighting. Cambodians who face such threats to their lives and freedom upon return are refugees in the classic sense of the term. Forcibly turning them would be a violation of international law.

O'Smach is the remaining foothold in Cambodia of Prince Ranariddh's forces. If Thailand allows the people there to enter to escape fighting and Mr. Hun Sen's troops gain control, there will be no other "safe area" inside Cambodia to which the Thai authorities can send refugees who fear return.

Will Thailand forcibly repatriate the refugees to danger? Or will it let them apply for asylum and remain in Thailand while their refugee claims are assessed?

For the sake not only of the Cambodians concerned, but also of fearful refugees everywhere, Thailand must not force them back.

Refugee protection is not only at risk on the Thai-Cambodian border: it has been eroding worldwide for years. The erosion started in the United States and Europe. The U.S. interdiction of Haitian, and more recently Cuban, "boat people" set a precedent for how other governments are now treating refugees. Moves by European countries to keep out unwanted asylum seekers through visa restrictions, fast-track procedures and other legal barriers have had a similar effect.

Governments give all manner of excuses for denying asylum and pushing back refugees. A frequent pretext is that such people are not truly refugees at all, but rather persons temporarily displaced by fighting who can return as soon as the shooting stops. These claims are, at best, usually half-truths, used by states to avoid their responsibility to assist victims of persecution. Thailand should refuse to follow the heartless path the West has taken. It may be well-trodden, but it is a moral dead-end.

The writers are policy analysts at the U.S. Committee for Refugees, a nongovernmental organization that for 40 years has defended the rights of refugees, asylum seekers and displaced persons worldwide. They contributed this column to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1897: Princes Duel

PARIS — Foretelling public expectation and the watchfulness of reporters, the two Royal Princes met in single combat with swords yesterday [Aug. 15] in the Bois de Vincennes. The result of the encounter was serious, though not desperate, both principals being wounded, the Count of Turin slightly in the hand and Prince Henri d'Orléans once on the right side of the chest and once in the lower part of the abdomen. It was this last-named injury that stopped the fight, which had lasted twenty-six minutes.

### 1922: German Ruin?

BERLIN — There is a national insolvency campaign in Germany, the Government seeking to convince the Allies of its bankruptcy, just as German citizens have turned out their pockets to convince their own tax

collectors that they have nothing to pay. The Government seeks pity and credit. But the factory chimneys are still smoking and business failures are practically unheard of. Germany also continues buying more than a billion gold marks worth of foreign coal, while imports of luxuries have not entirely ceased.

### 1947: European Talks

PARIS — A continental customs union, a project favored by the United States, was discussed formally for the first time by the sixteen-nation Committee of European Economic Co-operation. In the initial exchange of views, Britain was willing to create a special group to study a union, while France, saying "we have to merit the name of European co-operation," asked for a concrete resolution by member nations in favor of standardizing their duties.

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Clampdown in W

Amid the Celebr  
India Faces It

Can Parisism

CANYON: ...



# Clampdown Widens Chasm of Trust Between Israelis and Palestinians

By William Drozdiak  
Washington Post Service

**BETHLEHEM** — By last Tuesday, Ahmed Mousa sensed the time had come for drastic action. Trapped inside the last West Bank village sealed by an Israeli military clampdown, the 20-year-old Palestinian decided to circumvent the siege in order to seek medicine for his defective heart.

He was joined by a cousin, Mahmoud Gneim, who wanted to collect money from his employer in Talpiot, near Jerusalem. The two youths sneaked through a wooded area near the main checkpoint until their worst fears were realized when they were spotted by an Israeli border patrol.

They were taken in a jeep by the police to a tunnel bypass road. Mr. Mousa was taken aside and beaten with sticks and

pummeled with stones. Mr. Mousa recalled, "They pointed an M-16 rifle at me. One of them said, 'Don't shoot him, just cut off his cars and hands and leave him here to die.' But they let me go."

His cousin fared even worse. Mr. Gneim was beaten with clubs and stomped upon until he was covered with blood. Then a rope was tied around his left foot and attached to the jeep. The driver accelerated and he was dragged along the ground for about 200 meters (650 feet).

"Why are you coming to Israel?" he remembers one of tormentors saying. "Let Arafat find you work. Let Hamas eat your children. Get up before I shoot you."

The harrowing experiences of Mr. Mousa and Mr. Gneim, which they described as they lay recovering in an intensive care ward of a local hospital here, have already become a rallying cry

for further acts of vengeful retribution among more than 2 million Palestinians living in the West Bank and the Gaza Strip.

As such, they point to another depressing turn in the periodic cycle of violence that batters every transient hope for an enduring Middle East peace. Since two suicide bombers blew up a Jerusalem market last month and killed 14 people along with themselves, the spiral of hate has endangered the Oslo peace accords that were once hailed as a blueprint for reconciliation between Israelis and Palestinians.

While a majority of Israelis applaud the sanctions as proof of their government's determination to extract full cooperation from the Palestinian Authority in fighting terrorism, it is clear from a tour of West Bank towns and conversations with Palestinian residents that

the measures have infuriated the Arabs and widened the chasm of trust between the two peoples.

Immediately after the bombing, Prime Minister Benjamin Netanyahu banned entry of Palestinians into Israel, clamped severe restrictions on the movements of people and goods in Gaza and the West Bank, and held up the transfer of over \$40 million in tax revenues and customs duties owed to Yasser Arafat's Palestine Authority.

Since the Oslo peace deal, the Palestinian Authority says the economic losses caused by sporadic closings of the West Bank and Gaza have reached nearly \$2 billion. The U.S. Embassy in Israel estimates that living standards in Palestinian areas have plummeted by about 40 percent since the famous handshake on the White House lawn between Mr. Arafat and the late Prime Minister

Yitzhak Rabin. "People are suffering in ways they never experienced during the worst days of the intifada," said Jamal Gubran, a Bethlehem gold seller, referring to the Palestinian uprising that triggered a ruthless Israeli crackdown in the late 1980s.

"They come in here ready to sell anything of value — a ring, a necklace — just to get enough money to eat."

Mr. Netanyahu has vowed that the sanctions will be relaxed only when Mr. Arafat proves his willingness to cooperate in stamping out terrorism by rounding up Islamic militants and dismantling their infrastructure. Mr. Arafat argues he is doing all he can to fight terrorism and complains that his people are being subjected to collective punishment even though nobody is sure the suicide bombers came from areas under his control.

"Instead of fighting terrorism, he is fighting the Palestine Authority," Mr. Arafat told a crowd of supporters in Ramallah, speaking of Mr. Netanyahu. He said that Mr. Netanyahu was acting in the interests of the terrorists because "he is giving them a strong base."

Israeli authorities have eased the ban on movements inside the West Bank for all towns except Bethlehem — which still remains sealed ostensibly because a bomb factory was discovered recently that is believed to belong to the militant Islamic group known as Hamas. Israeli officials say they hope the extra punishment will turn residents against the terrorists. But talks with local Palestinians say the sanctions are backfiring because they are deepening resentment toward the Israelis.

"They single us out because we live off tourism and they want to kill our economy," said Nader Ghataf, a local shopkeeper. "So now people can't work, they can't feed their families, and they are getting only more bitter. How can you expect them to believe in peace when we are so much worse off than before?"

On a nearby hill, tractors and bulldozers are busily clearing land for a new Jewish settlement known as Har Homa. The government's decision in March to push ahead with the project prompted charges that Israel was trying to extend its control over greater Jerusalem to the gates of Bethlehem. It provoked angry Palestinian protests.

Bethlehem Arabs say they are being subjected to harsher punishment because the Israelis want to make their lives so unbearable that they will abandon their home town to Israeli developers at Har Homa who are keen on exploiting Bethlehem's potential to reap large profits from Christmas pilgrims.

"What the Israelis are doing is simply not humane," said Victor Salama, a pharmacist. "This is nothing less than ethnic cleansing. If people are trying to drive you out of your home, is it any wonder that you may feel driven to desperate actions?"

## Amid the Celebrations, India Faces Its Poverty

By Kenneth J. Cooper  
Washington Post Service

**NEW DELHI** — India celebrated a half-century of independence with fireworks, flag ceremonies, marches and speeches by leaders who called upon the nation to do more to help the impoverished masses prosper.

At a midnight session of Parliament on Thursday, India replayed the famous speech Jawaharlal Nehru made at a similar session 50 years ago, in which he said independence fulfilled "a trust with destiny." He became India's first prime minister and established a political dynasty that would see his daughter, Indira Gandhi, and grandson, Rajiv Gandhi, also serve as prime ministers.

"There is one difference between then and now," said Ranbir Singh Chaudhary, a member of the assembly that wrote India's first constitution who was present for Nehru's speech. "The difference at that time, everybody was very happy. Today, there have been shortcomings in implementation."

President K.R. Narayanan, the first person from the untouchable caste to occupy the largely ceremonial post, acknowledged in his speech to Parliament that India had failed to achieve Nehru's goals of eradicating poverty, ignorance, disease and inequality.

He also suggested that the government could not do so by itself and called for "social movements" to combat the problems, as well as population growth, en-

vironmental degradation and corruption.

"But we ought not to underestimate our achievements," Mr. Narayanan said. "India is today a considerable industrial and technological power of the world and promises to be an economic giant in the 21st century."

Leaders of India's lower-caste majority complained that the ceremonies and extensive media coverage about them ignored the overpowering issue of caste.

Kanshi Ram, a major political leader of former untouchables — now known as dalits, or the down-trodden — said that the lower castes were "dependent on feudal lords before independence and on neo-feudal lords" since 1947.

"How can India be independent when the majority is dependent?" he said.



**DAY OF MOURNING** — Prime Minister Hasina Wazed of Bangladesh leading her cabinet and top Awami League officials past the graves of her mother, three brothers and other relatives who were slain in the military coup that killed her father, Sheikh Mujibur Rahman, in 1975. Some of the coup leaders are now on trial.

## PAKISTAN: 50th Anniversary Brings Joyful Celebrations and Soul-Searching on the Nightmares of Violence

Continued from Page 1

Islamic Republic of Pakistan, which we insisted on establishing because we were scared of the Hindus, the Muslims of Lahore are today afraid to go and pray in the mosques because they are afraid of being killed by other Muslims."

The country's shifting moods have mirrored the hopes and disappointments that have accompanied Pakistan since its earliest days.

The country sprang from a vision of its founding father, Mohammed Ali Jinnah, whose portrait was hung on buildings all across the country as the anniversary approached.

Many families outdid the government by decorating their cars, motorcycles and even bicycles with Pakistani flags.

On Thursday, a national holiday, streets everywhere were a bedlam of honking horns.

Pakistanis put aside their anxieties long enough to gather spontaneously all over the country and shout "Pakistan Zindebad!" — "Long Live Pakistan!"

But the country's catalogue of distress has prompted many Pakistanis to think over an issue that seemed much clearer in 1947: What exactly is Pakistan? Is it still the haven for Muslims that Jinnah envisaged in 1947? If it was a bulwark

against Hindu India then, does it remain so now? "Philosophically, we're in a mess," Mr. Nizami said.

"If you ask most Pakistanis what the country is all about, you'd get a lot of different answers. But at the same time, if you ask them if we should be re-integrated with India, most of them would say a resounding 'No!' So while Jinnah's dream has not been realized, I don't think you can say that the raison d'être for Pakistan has been proved wrong."

Perhaps the greatest disappointment for many Pakistanis has been their politicians.

Following intermittent military rule, for the last

nine years power has rotated between elected governments — but the last three were dismissed by the president before completing their terms.

Now, those who see democracy as the country's best hope of stability say that, good or bad, elected governments have come to stay.

"I don't see how there's going to be any turning back," said Sherry Rehman, editor of The Herald, a widely read newsmagazine in Karachi.

"Pakistanis have tasted democracy now, and they're getting used to it. They want running water, they want street lights and they want jobs — and these are all things that only democracy can deliver," she said.

## Can Parisians Take the Heat of Globalization?

By Joseph Fitchett  
International Herald Tribune

**PARIS** — Even the traditional summer holiday no longer spares the French from their new curse, globalization.

Paris in August used to be a prime-time lull, a legendary season when visions of bare-legged French girls in skimpy frocks danced with a chorus of guys with time on their hands. Even for more staid adventurers, August afforded the pleasures of unpeopled streets and virtually privatized the city's elaborately varied gardens.

Not this summer. A June monsoon gave way to hot-towel July, and Parisians sweltered in the sauna-like limbo of "Blaserunner." The stay-behinds complained that Paris had become a survival course, a struggle against round-the-clock muggy heat.

When August brought sunshine to the Paris streets, it turned the fumes to poisonous smog. By Thursday, Le Monde was thundering on its front page about "the people's right to breathe."

People complain of acute hay-fever symptoms after five minutes in the street — the same people who had just cheerfully downed a meal wreathed in Gauloise smoke. State-owned radio news bulletins enjoin asthmatics, the elderly or frail to stay indoors and "avoid doing anything that requires too much breathing."

Of course, this is minor weather compared with the secular convulsions of the rest of the year. A record cold winter froze trains on the rails. Drought, then severe flooding followed. A volcano blew an island into oblivion. Nearly 50 climbers in the Alps have come unstuck on mountain faces and plunged to their deaths, a record for the season, apparently because of higher risks caused by the soggy early summer weather.

But the trouble in paradise, at least in Paris, seems man-made. Business has gone into overdrive to keep up with competition, with the result that the city no longer gets an annual breather from its steady overdose of cars, police vans and tourist buses — all of

them apparently heavy polluters. Once again, France seems to have special difficulty in adjusting to intensified economic competition.

In this case, the proximate problem is ozone. Good for the planet in the upper atmosphere but noxious in the air people breathe, ozone regularly builds up to unhealthy levels in Paris as exhaust fumes react with sunlight to form corrosive smog.

Experts seem convinced that the cause of the threatening ozone buildup is cars, whose numbers increase by 3 percent a year in the capital, where ozone levels have nearly doubled in a generation. As a result, "air alerts" have become chronic in the last two years.

**Like guns in the United States, cars symbolize personal freedom in France. They have a powerful lobby.**

usually on bright winter days. Now the insidious pollution has entered the hallowed summer holiday. In Paris streets that would have been nearly deserted two years ago, drivers this month find themselves battling traffic jams — because more Parisians feel that they can no longer afford to take off a full month in the face of the threat of global economic competition.

Many French cars run on diesel (it enjoys a tax break). Few have catalytic converters (manufacturers see it as a costly extra liable to make them uncompetitive).

Aside from complaining, there is little relief. The government is on vacation, including Environment Minister Dominique Voynet, the first out-and-out Green ever to make it into the French cabinet. But as her conservative predecessor, Corinne Lepage, pointed out in an interview this week, power seems to have paralyzed Ms. Voynet.

It is a charged political issue. A Frenchman's right to drive his car, even for an errand two blocks away,

has acquired sacrosanct entitlement status. Like guns in the United States, cars symbolize personal freedom in France. It is a powerful lobby, and politicians like giving it a wide berth.

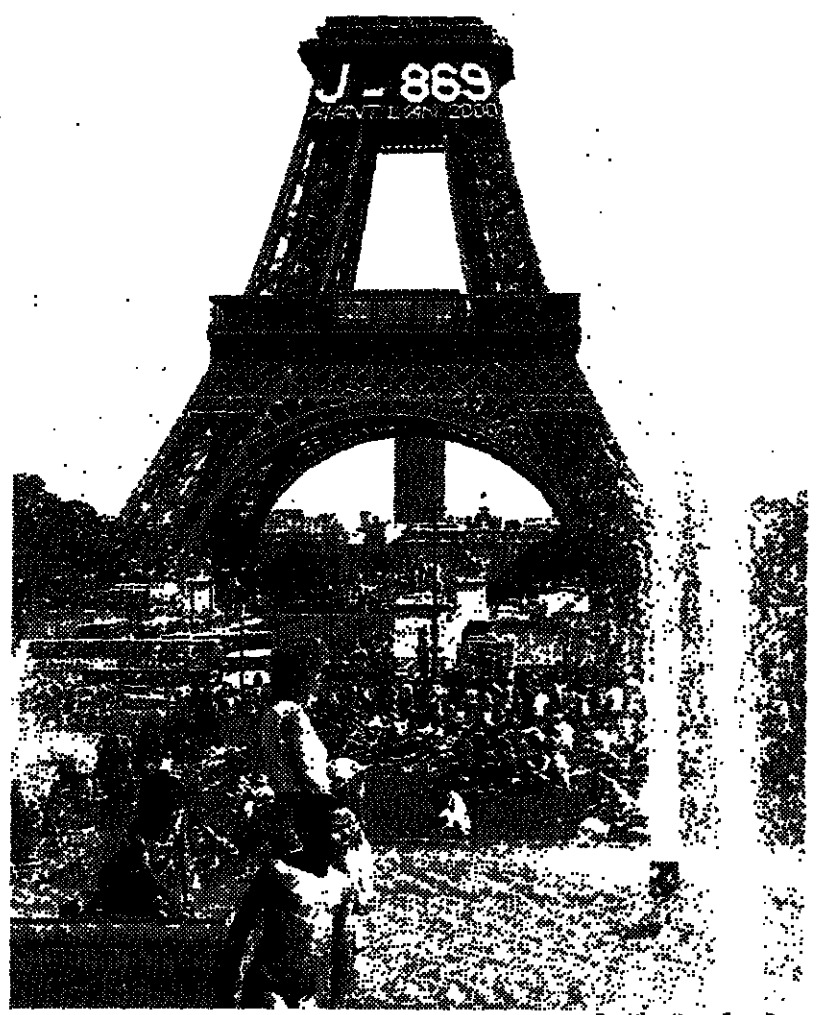
The most egregious change in the August traffic and microclimate comes from the invasion of foreign tourist buses: their swelling ranks attest growing success for the French tourist industry, Europe's leader, as globalization breeds more customers wanting their moment of face time with the City of Light.

Much as the French fear losing out in globalization, some Parisians resent success in the competition just as much. The Berthillon family, arguably the world's top makers of sherbets and ice creams, can never be dissuaded from closing their Paris shop for August because the owners do not want the inconvenience of a run on their ice cream.

Incomparably worse mayhem comes from hordes of tourist buses, sometimes a score or more of them at a time encircling popular tourist sites along the Seine in mastodontic lines. Even if the passengers top up the tourist statistics that Paris is so proud of, the buses contribute to a trend in which Paris, especially the city center, becomes a museum of itself at the expense of current economic vitality. The risk was publicly fingered by Francoise Cachin, now France's museum czar the head of a single Paris museum three years ago when she drew attention to exponential appetite of the cultural bureaucracy for fine buildings in central Paris.

The government vacillates. Disdaining piecemeal reforms, environmental officials propose grading all vehicles in the capital according to their degree of pollution — the first step toward government regulation adjusting traffic flows to atmospheric conditions.

That idea ranks near the top among the utopian follies running around in these millennium days, the newspaper Liberation said Friday. Taking a more cynical view, Le Monde opined that the government apparently feels that empty rhetoric will do because "when the wind blows, the problem goes."



Parisians cooling off in the fountains of the Trocadero on Friday as temperatures stayed high. The city has had several air pollution alerts.

## CANYON: Out of the Silence, a Torrent

Continued from Page 1

feet high and 200 feet across. It was tearing into the open creek bed just above the hikers, Mr. Candelaria said.

Then it roared into the canyon.

Sheriff Joe Richards of Coconino County, who has worked here for 24 years, stood Thursday at the exact spot where the floodwaters entered the canyon. "I cannot imagine what they saw," he said, leaning over the precipice.

"Can you? The horror?"

Sam Whitted, his deputy, said, "Imagine the force, the pounds per square inch of pressure." He compared the effect to taking water gushing from a fire hose and blasting it into a pipe a quarter-inch round.

Inside the canyon, the floodwaters swelled from a height of 10 feet to 20 or 30 feet or more.

Amazingly, one man survived: Poncho Quintane, 28, a guide for the tour group Trek America, which takes mostly young Europeans across the West to satisfy a craving to taste the vast vistas.

David Ramos, a sheriff's detective for Coconino, said Mr. Quintane told him that his group of five hikers — from France, Britain and Sweden — were almost done with their tour. When he almost dove from the canyon to fill in saw the floor of canyon begin to fill at high speed with water, he gathered sev-

eral of the group together. "They had their arms wrapped around each other," Deputy Whitted said. "And he pressed them against the side of the canyon."

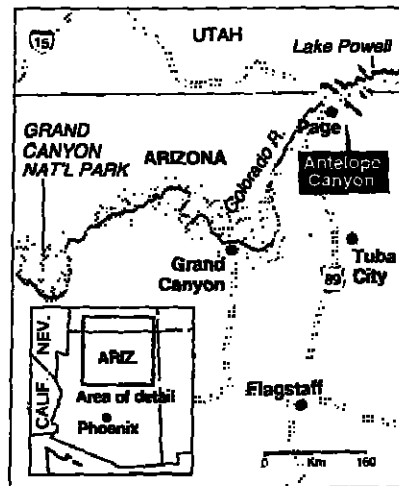
Minutes later, the flood hit. "He saw several of the people from his group who were upstream come rushing by," Mr. Whitted said. "He tells himself, 'You can live,' and he had some training, something, and he protects his head and face and points his feet downstream."

Monty McKnight, a deputy sheriff, and one of the Navajos found Mr. Quintane clinging to a clump of vegetation about a quarter mile from where investigators believe the group was standing when the floodwaters hit them. The water had stripped him of every shred of clothing. "His eyelids were stuffed with silt and mud," Whitted said. "He couldn't see. But he was alive."

The names of the others have not yet been released by the authorities.

[Crews searching the tangle of debris at the mouth of the canyon Friday found three bodies of the 11 presumed dead hikers, raising to six the number reported covered so far. The Associated Press reported.]

One of the missing hikers left behind a wife and child in an area motel. Two others, a husband and wife, left their children behind in another hotel. The children said that the children were being



taken care of. In accidents such as these, there is always the search for blame. At the Navajo Nation's Tribal Park, which includes the entrance to Lower Antelope Valley, there are no signs warning hikers of the dangers of flash floods. There were, however, reports by the weather service of severe thunderstorms in the area. But during the August in Arizona those warnings are common, and many people do not pay much attention.

Mr. Richards said that he was not prepared to file charges. "I don't see that there is blame," he said. "In all my years out here, we've had no report of a flood like this in the canyon."

## PROTEIN: Discovery Gives Hope for a Key to Cancer and Aging

Continued from Page 1

enzyme that was previously thought to be doing only "nasty things, like allowing HIV to replicate," proves essential.

An implication of that connection, Mr. Cech and others said, is that drugs developed to fight AIDS may, with a little biochemical tinkering, become excellent cancer drugs.

"This discovery is going to help enormously," said Elizabeth Blackburn, chairman of microbiology and immunology at the University of California, San Francisco, and a pioneer in telomerase research. "Now we have another handle on telomerase, so we can do a serious analysis of what's going on," she said, speaking about cancer and the processes of aging.

Telomerase helps keep dividing cells healthy by rebuilding the tips of chromosomes, called telomeres, that would otherwise become frayed with each cell division.

"It's essential for growth and so is essential for normal human development, then is shut off when cells are mature," Mr. Cech said. For reasons that remain unclear, he said, "it is turned back on again in cancer."

Without telomerase, telomeres gradually shrink and break down until the cell

becomes old and eventually dies. That has led some scientists to suggest that telomeres are cellular timepieces of sorts — becoming shorter with each adult cell division until, after one tick too many, the cell shuts down. Learn how to rebuild those telomeres, the thinking has been, and cells can be made to act young again.

"The idea was that someday we'd learn how to reset the clock," said Michael West, a founder and vice president of Genentech, the California biotechnology company that collaborated with Mr. Cech. "If the shortening of telomeres is caused by an absence of telomerase, an intriguing possibility is to use laboratory-produced telomerase to extend telomeres, potentially extending the life of the cells."

But telomerase has a dark side, too. In recent years scientists have found that about 90 percent of cancer cells have one thing in common: Telomerase has mysteriously become reactivated, allowing the cells to divide in a continuous and ultimately deadly frenzy.

That suggests that researchers would have to be very cautious about testing a telomerase mimic as an anti-aging drug. But it also suggests that a drug capable of blocking telomerase might be a universal cancer drug, effective against virtually every kind of cancer and harmless

to normal tissues, most of which lack telomerase anyway.

"It's an attractive target because it is present in detectable levels in almost all cancer cells and absent in most normal cells," said Robert Weinberg of the Whitehead Institute for Biomedical Research in Boston, who led the second team.

His team's results will appear in the Friday issue of the journal Cell, while the work of Mr. Cech's team is in the current issue of Science.

Scientists have known about telomerase for years. The problem has been that it is a gigantic and complicated enzyme made of many protein subunits and a blob of RNA, a kind of genetic material. In the past few years, researchers have isolated the RNA portion and several of the protein subunits, but none seemed critical to the enzyme's role as a rebuilder of chromosomes.

The researchers got help from the recent discovery of the key component of telomerase in yeast, which gave clues about what the human version would look like.

The next step, scientists said, is to make large quantities of the protein through standard biotechnology techniques — a process that could be complete within months. Then researchers can test if the enzyme makes aging cells live longer.



## A Nonconformist in the Ranks of the British Watercolorists

**L**ONDON — The story of the extraordinary subversion quietly conducted in Western painting by artists who sprang up out of the depths of Britain in the middle of the 18th century has yet to be written. Using watercolor as their preferred medium, they composed their landscapes in total disregard of traditional balance, and handled volume, surface and light with astounding boldness.

Out of them all, the most surprising, was Francis Towne. His oeuvre is on

## SOURIN MELIKIAN

view at the Tate until Sept. 14 in the first one-man show since his death in 1816. The exhibition will be at the Leeds City Art Gallery from Oct. 2 through Jan. 4. Nothing is known about the circumstances in which an irresistible impulse moved a young English boy of 13, born at Isleworth, Middlesex, to turn to painting. His father, a corn chandler, apprenticed him to a coach painter, which suggests that he was aware of his son's predisposition — for those from a modest social background with artistic inclinations, that was seen as the clever way of acquiring a painter's skills.

Young Towne must have been very determined. At the end of his seven years in apprenticeship, he won the first prize from the Society of Arts for "an original design for Cabinet makers, Coach painters, manufacturers in Metals, China and Earthenware," attended for a while at St. Martin's Lane Academy, and convinced a court painter, John Shackleton, to let him come to his studio. But Towne needed to make a living and left for Exeter in Devon to take a job in a coach painter's workshop.

He had to stick it out for a few years before finding a way out. Learning to draw was the rage in the up-and-coming middle class yearning for a badge of

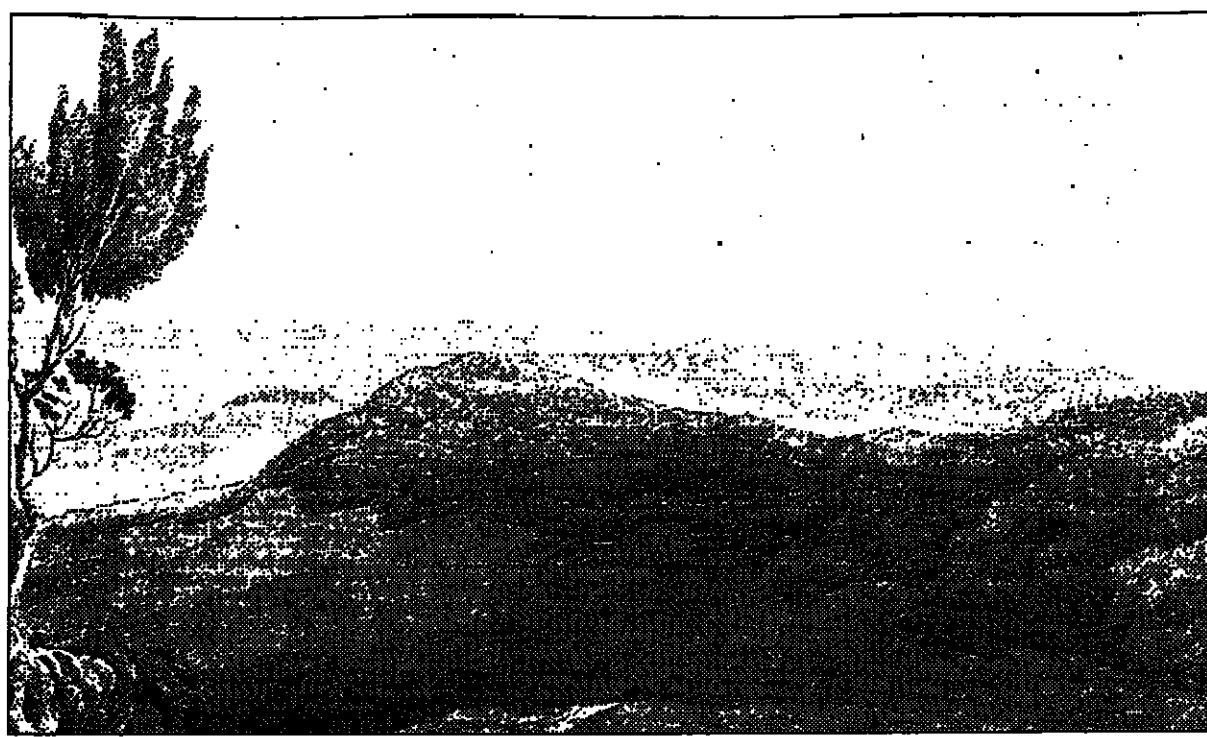
gentility. Towne set up as a drawing master and soon found time to do what he dreamed of — go off on extended sketching expeditions in the countryside. Genius did not come instantly, however. His earliest recorded drawing, "A View of Oakhampton Castle and Tower drawn on the spot, June 23d 1772," is an indifferent picture postcard.

What miracle led to the transformation revealed by "A View of Berry Castle Within the Gateway," as Towne called it, specifying that it was "drawn on the spot, May 19th 1775," eludes us for now. The subtle harmony in turquoise green and rusty browns, the golden luminosity, the daring composition with its 16th-century facade half hidden by vegetation going across one half of the landscape, are worthy of a master.

Within two years, Towne drew another masterly sketch, "A View of the Salmon Leap From Pont Aberglaslyn," devoid of any recognizable links either to the 1772 dud or to the 1775 gem. A huge mass in light brown shoots up to the top of the vertical sheet, broken up into facets by light strokes in pen. At the bottom, off center, is a white frothy pool tucked away on its far side. A sense of crushing immensity exudes from the scene.

**I**n the area, Towne drew "On the Banks of the River Dee near Llangollen, North Wales," a wonderful study in luminous perception. Far away mountains float like light blue haze and the leafy masses of trees look like clouds of pale green or brown with a light contour. Once again, he had changed his manner entirely.

Dozens of views of the period bear out a versatility that defies comprehension in a man who had barely had any formal training. Or was it perhaps this very fact that made it possible for Towne to retain a unique freshness of vision, as if nature, his sole master, dictated a new approach on each oc-



"Monte Carlo," 1781, watercolor with pen and ink by Francis Towne, in the Tate Gallery retrospective.

casional? But the case was more complex. The artist was quite capable of doing formal sketches such as a 1780 view of Ughbrooke Park. Not only that. He also churned out banalities by the dozen. Turning around the Coliseum again and again in 1780, Towne recorded every aspect like a conscientious reporter taking visual notes. From "A View Taken Inside the Colosseum" to a half-ruined archway, they are dreary works for consumption by Britons dreaming of going on the Grand Tour.

Did this ability to fall back in neutral mode, as it were, serve as some kind of mental hygiene that cleansed his artistic mind of preset formulae? Curiously,

the same Roman trip also triggered some of Towne's most innovative approaches to landscape. Wandering about the gardens of the Villa Barberini, he looked at the sinuous branches of high trees in darkness instead of zooming in on the classical statue in the distance bathed in sunlight. The result was a fairy-tale view, highly original in conception, with the sculpture serving as a mere excuse for a light effect at the far end.

Inside Neptune's Grotto at Tivoli, the artist did one of his most advanced landscapes, in shades of brown. An arch of darkness in the midst of rocks looking like glass splinters spans a glittering

outburst of light (the cascading water). There is a quasi trend toward abstraction here.

As he made his way back to England, the Swiss mountains inspired Towne to do some of the great masterpieces of English watercolor. "Near Mount Spiluegen," dated Aug. 29, 1781, is a view of gradually lightening mountainsides hemmed by a ray of light at the top. He sketched it from a boat that took him around Lake Como. Even more admirable, perhaps, "A View of the Source of the Arvion" displays a similar sense of unreal space. Huge mountainsides tumble downward, their detail blurred in deepening hues of toned turquoise

blue. A corner of blue sky with a pearl-gray cloud is squeezed in at the top, over the crest lines on which there runs the golden thread of the last glimmer of sunset.

Towne's aptitude at sketching mountains from new angles, in different moods, had no limit. In 1786, while traveling in the Lake District of England, he carefully composed a view of Rydale Water taken, he wrote on the back of the mount, "at the going off of a storm." A river zigzags amidst mountains that rise higher as distance increases. The composition betrays the influence of early Flemish landscape painting with which the artist had obviously become familiar. But the light, the color, the simplification of volumes make the influence almost irrelevant.

**A**GE did not dim his ability at drastically renewing his perception and manner. He was 71 when he drew "The Forest of Radnor With the Black Mountains in the Distance," which transcribes on large double sheets impressions of light and shadow in monochrome wash. Timothy Wilcox, the author of the superbly documented monograph that the catalogue has been turned into, believes that the rough application of monochrome wash heightened with color touches was to be finished off at a later stage. But whatever initial intentions he may have entertained, Towne must have been pleased with the views of that particular sketchbook, astonishingly advanced in their stark nudity. He never tried to "improve" any of them. His eye had been as quick as ever at catching previously unseen beauty that fell outside the conventional canon.

Had Towne been less uneven, he might have attained world fame. That very unevenness, however, was perhaps the price he had to pay for a freedom of perception enjoyed by few, even among British watercolorists.

## A European Take on the U.S. Art of the Cool

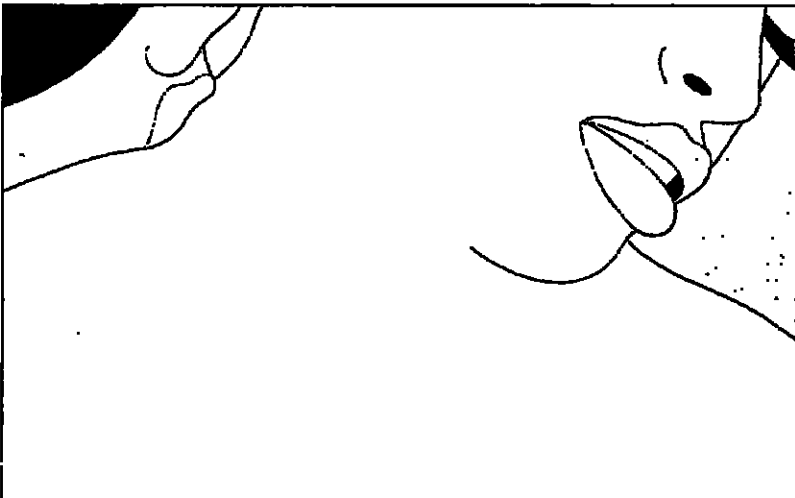
By Roberta Smith  
New York Times Service

**Z**URICH — How cool is 20th-century American painting? According to an exhibition at the Zurich Kunsthhaus, it is intrinsically, perennially and diversely cool — a veritable font of coolness.

"Birth of the Cool: American Painting From Georgia O'Keeffe to Christopher Wool" takes its title from the famous 1950s record album that helped define Miles Davis's "cool" jazz in opposition to Charlie Parker's hotter, more aggressive and driving brand of improvisation.

As its subtitle suggests, the show ranges through most of the American modernist century. It gathers a mere 16 painters in its selective net, among them Jackson Pollock, Barnett Newman and Andy Warhol; Alex Katz, Chuck Close and John Wesley; Veja Celmins, Richard Prince and Philip Taaffe. In the process, it buzzes erratically around a big idea: the Americanness of American painting, and its implicitly non-Expressionist character.

The show has been organized by Bice Curiger, who is best known as the editor of Parkett, the tony, trilingual, Zurich-based contemporary-art magazine, but



"Bite" by John Wesley from the "Birth of the Cool" exhibition in Zurich.

who is also a part-time curator at the Kunsthhaus. It certainly has its quirks and flaws and reflects more than a few of Parkett's blue-chip, hipper-than-thou biases. But the Kunsthhaus gets credit for being the first European museum to bother to take American painting's temperature in many years.

In the aftermath of the heady, market-

crazed days of 1980s Neo-Expressionism, Europeans have tended to play down American painting and to view the medium as their own private domain. Thus a European show of American painting seemed like a radical idea, and possibly a revisionist one too, especially when it proposed Georgia O'Keeffe as the mother of cool along-

side heavily anointed fathers like Pollock, Newman and Warhol.

Lots of Americans showed up at the exhibition's opening — which was well situated chronologically and geographically between the openings of the big survey shows, the Venice Biennale and documents X in Kassel, Germany.

The visitors seemed pleasantly stunned by the show's existence, even as they puzzled over the various degrees of coolness exemplified by the different artists, each of whom was represented substantially, by four or five paintings.

The air seemed full of thought balloons. How cool is Malcolm Morley's work? Is Richard Artschwager really a painter? Aren't Sue Williams's paintings hot and angry? Isn't Ross Bleckner a heart-on-sleeve romantic resurrecting a conservative painting technique?

Where are Frank Stella and Roy Lichtenstein and especially David Salle, paradigm of '80s cool? Why isn't Morris Louis cool enough to be here? And might not Sigmar Polke, who of course is not in the show, be the coolest, most Americanized painter working today?

Under close scrutiny, the show, which runs through Sept. 7, becomes amorphous and arbitrary, a mass of questionable exclusions and inclusions. And cool, like its first cousin, style, remains an ineffable, elusive term.

But despite its capriciousness, "Birth of the Cool" provides a useful model in the way it ignores entrenched stylistic hierarchies and generational divides.

Even its amorphousness becomes understandable: It is less a tight argument than a sampling of a general situation. There are any number of other American painters whose work would have been at home in this show, which celebrates a legacy that is alive and well and open to artists around the world.



Raymond Duchamp-Villon's "The Horse" (detail).

## Horse of the Apocalypse

Washington Post Service

**W**ASHINGTON — A high and poignant faith glows within "The Horse," Raymond Duchamp-Villon's masterpiece, made in 1914, at the last possible moment before that faith collapsed. The spirit of that plunging piece — now the focus of a one-room show at the Hirshhorn Museum and Sculpture Garden — could not have survived the world war then beginning, with its tanks and machine guns and its corpses by the millions.

Duchamp-Villon (1876-1918) was among those victims. An old innocence died with him. He was one of the last artists to wholeheartedly believe in the noble, shining beauty adhering to machines.

His horse is only half a horse. Anyone who's ever ridden will recognize its curving neck, its haunches and its hooves, but it is also equipped with pistons and exhaust pipes. Part ancient and part new, part engine and part being, this semi-abstract statue, 17 inches (43 centimeters) high, is an object in between.

The exhibition, organized by Judith Zilcher, the museum's curator of painting, also includes Duchamp-Villon's last piece: his fine head of Baudelaire (1911); a posthumous cast of his elegant "Seated Woman"; other examples of his sculpture (one an initial study for "The Horse" that bears a little rider), as well as various documents that help explain the sources of his thought.

## BOOKS

## HANDSOME IS:

Adventures With Saul Bellow

By Harriet Wasserman. 194 pages. \$23.95. Fromm.

Reviewed by Jonathan Yardley

**H**ARRIET Wasserman, who was Saul Bellow's literary agent from 1969 to 1994, tells us that her famous client "refuses to acknowledge the existence" of a professorial clique calling itself the Saul Bellow Society. "He says it feels like a monument to the dead," she writes. "He doesn't think there should be such a thing for a writer during his lifetime."

Which leaves us to ask: What, then, is Bellow likely to think of "Handsome Is"? He is still very much alive, yet not merely is he memorialized by his academic admirers, he is now fastened under the microscope of a woman who has ample reason to regard him uncharitably. Whether "Handsome Is" is a gesture of tribute or an act of retribution is highly debatable — more often than not, it is some of both — but it is indisputably of the here and now.

To be sure, the author-agent relationship is not so privileged as doctor-patient or lawyer-client, but it often has intimate as well as mundanely professional as-

pects, matters that presumably both parties to it would not always want on the public record. It is not hard, for example, to imagine how Bellow is likely to feel about Wasserman's account of an evening early in their relationship when, during dinner at her apartment, he said, "You're distracted because you're nervous. You don't know if we're going to make love or not." This, as she tells it, was followed by a one-night stand.

That night was never mentioned again. As if it never happened. At all. It wasn't in our eyes. It wasn't in our tone of voice. There was no flirting anymore. It was strictly business — and a growing friendship.

Perhaps it doesn't matter how Bellow feels about this disclosure. He is a public man about whom, at least in certain circles, there is a modest amount of curiosity; since he has already had the likes of Mark Harris, James Atlas and Martin Amis poking around in his laundry, why not Harriet Wasserman? Yet there is something quite distasteful about her narration of this little episode, for beneath its superficially affectionate, self-mocking tone is an unkind judgment about Bellow and his motives, a judgment that Wasserman repeats as she remembers her former client.

The plain fact is that although Wasserman makes all the right gestures about this "man of genius, of high art and moral vision, an original thinker, a judge of his craft," the overall effect of her memoir is to diminish him, to underscore his pettiness, his insecurity and — as in his abrupt termination of their long relationship — his cruelty.

Agents, editors and others who help

distinguished writers bring their work to publication are often selfless people who put up with personal slights and casual abuse of their goodwill in order to serve the cause of literature. But sometimes they find it frustrating to be off there away from the limelight. The temptation to claim a place at the writer's side can be powerful. Only Harriet Wasserman can know whether she has succumbed to it, but there's no question that "Handsome Is" contains as much self-aggrandizement as celebration.

Wasserman arrived as a very young woman at the noted literary agency of Russell & Volkening; the best parts of this book are her recollections of Diarmuid Russell and Henry Volkening, each in his own way a certifiable eccentric. At least by her account, she established an affinity with Bellow that neither enjoyed, one that allowed her to see him at close hand. Presumably she also made a tidy bundle off him, though she makes little reference to money.

**B**ELLOW "is as deeply emotional as he is highly intellectual and cerebral, an uncommon combination," Wasserman writes. This may help explain his desertion of her in 1994 for the services of Andrew Wylie, a predatory agent known in literary quarters as "The Jackal." At least on the surface, this seems a clear case of disloyalty, which no less clearly is how Wasserman means us to see it. But we do well to bear in mind that we have only her side of the story. Somehow it seems unlikely that Bellow will find it worth his while to issue a rebuttal.

Jonathan Yardley is on the staff of The Washington Post.

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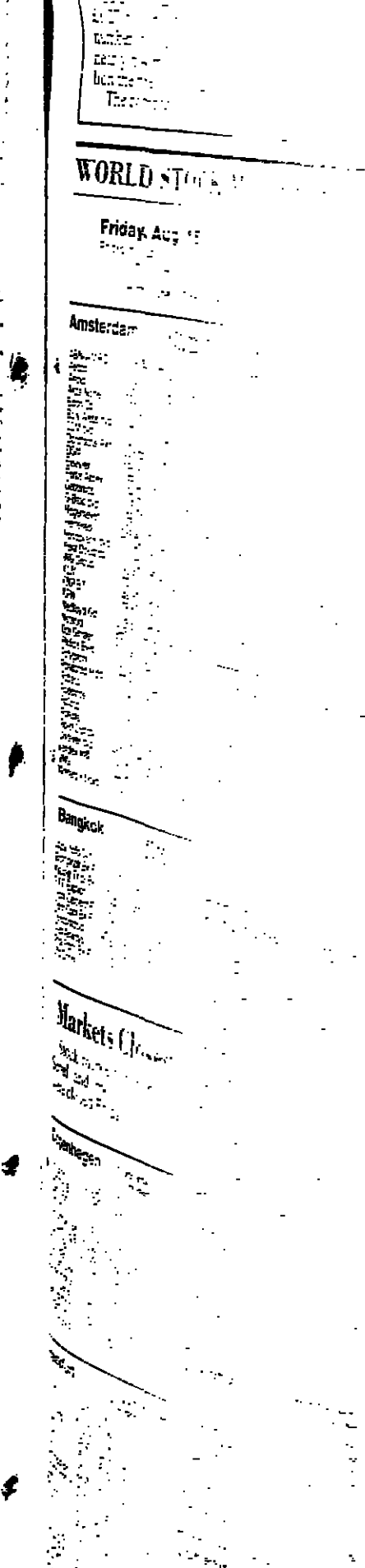
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## EUROPE

# U.S. Fund Manager Becomes 2d-Largest VW Holder, With 5%

Compiled by Our Staff From Dispatches

WOLFSBURG, Germany—Janus Capital Corp., a U.S. fund manager, has bought 5.09 percent of Volkswagen AG, making it the carmaker's second-largest shareholder and signaling that big mutual funds may be setting their sights on Germany.

Volkswagen said Friday that Janus owned 1.4 million VW shares as of the close of trading in New York on Aug. 1. The stake is worth about 1.8 billion Deutsche marks (\$981 million) at the current share price. Only the state of Lower Saxony, with 20 percent, has a larger stake.

VW shares fell 25 DM on Friday to close at 1,292 in Frankfurt. Still, investors said the Janus stake was good news for VW and other German companies.

"Foreigners are more and more interested in Germany," said Christoph Bruns, a fund manager for Union-Investment-Gesellschaft mbH in Frankfurt. "They will use their influence to make sure the changes that are necessary will come faster."

The Janus investment comes as U.S. funds step up their investments in Europe, pressuring companies to be more responsive to investors. In Germany, companies are often faulted for being too slow to cut costs in the face of global competition and for being stingy with information.

Templeton Global Investors Inc., a U.S. fund, has raised its stake in Renault this month to 5.4 percent from 3 percent. Templeton now owns about 13 million shares in the French automaker.

The California Public Employees' Retirement System, the largest U.S. public employee pension fund, has stepped up its campaign this year to bring American-style shareholder activism to Europe, outlining a set of principles for investing in

French and British companies.

Janus, with about \$66 billion in assets, has other shareholdings in Germany, though Volkswagen is by far the largest. Janus also owns 5.3 percent of Depra-Bank, 9 percent of Pfeiffer Vacuum Technology AG and 4.7 percent of Eurobike AG.

But Janus is not likely to force major changes at Volkswagen, analysts said. "There isn't so much that needs improvement," said Hans-Dieter Schollbach of Oppenheim Finanzanalyse, as Janus' investment shows that "everything is going fine."

Volkswagen is expected to report a strong increase in first-half net income Monday amid strong demand for new models.

Analysts said they expected VW to report group net profit of around 500 million DM, compared with 282 million DM in the first half of 1996. Sales are expected to total 56 billion DM, up from 50 billion DM.

(Bloomberg, Reuters)

## Yeltsin Calls for 'Fair' Sell-Offs

### After Outcry on Privatizations, State to Tighten Control

Compiled by Our Staff From Dispatches

MOSCOW—President Boris Yeltsin criticized recent privatizations of state-controlled companies on Friday and said Russia must be fair in future sell-offs.

Mr. Yeltsin also accused Russia's former privatization minister, Alfred Kokh, of mishandling recent privatizations.

"Such work will not do," Mr. Yeltsin said. "The scandal around Svyazinvest and Norilsk Nickel is connected to the fact that some banks are likely to be closer to Kokh's soul. Everything must be honest, open and legal."

Mr. Yeltsin named Maxim Botko as deputy prime minister and head of the State Property Committee this week after Mr. Kokh resigned.

Critics had claimed that a controlling stake in the metals producer RAO Norilsk Nickel was sold at auction with unequal rules for participants and no real competition.

And although officials have said that an auction for a 25 percent

stake in the AO Svyazinvest telecommunications company—which brought \$1.87 billion into state coffers—was fair, the sale ignited a torrent of criticism in Russian media controlled by losers in the sale.

The winner of both auctions was the powerful Uneximbank, which had held the Norilsk stake for the government in trust. Uneximbank officials were part of the auction's tender committee.

The government is now preparing a draft decree, however, which will make such tender terms impossible.

According to Alexander Livshits, Mr. Yeltsin's deputy chief of staff, the draft says that Mr. Yeltsin must approve the terms of sales of large stakes in state companies.

"Sales of big state stakes are to be governed by presidential decrees, which approve not only the fact of sales, but also their terms and rules," Mr. Livshits said.

The draft also says that companies linked to the organizers of an

auction will not be allowed to participate, he said.

Separately, Mr. Livshits said Russia would be able to meet its 2 percent target for growth in gross domestic product, envisaged in the 1998 budget draft, if a new tax code were adopted by the end of this year and privatization procedures were improved.

He said that if Russia were to achieve economic growth in 1998, the long-awaited tax code had to be adopted by the lower house of Parliament, the State Duma, by the end of this year.

"If the tax code comes into force only in the second half of the next year, Russia's economic growth will be threatened," he said.

The new tax code, designed to reduce the tax burden on enterprises, passed its first reading by the Duma in June. The document still has to pass three more readings in the Duma before it is submitted for approval to the upper house, the Federation Council, and a final presidential signature.

(Reuters, Bridge News)

## Rate Jitters Jolt British and German Stocks

Compiled by Our Staff From Dispatches

LONDON—London and Frankfurt stocks tumbled on Friday, weighed down by the prospects of higher European interest rates and by the steep losses on Wall Street, which applied the brakes to Europe's recent bull market.

The FTSE 100 index in London fell 125.50 points to 4,865.80, a drop of 2.51 percent, while the DAX index in Frankfurt tumbled 78.57 points to 4,152.86, a fall of 1.86 percent.

Both markets were trading lower

in light morning trading but took a bigger dive after New York markets opened lower. Trading was thin in most of Europe because of a public holiday in several countries.

The Dutch equity markets were hardest hit, with the Amsterdam Exchange Index plunging 4.4 percent, or 41.17 points, to 894.42.

Financial stocks led the market lower, themselves dragged down by falling bonds amid renewed concern that interest rates could rise in the near future as German inflation picks up.

Concerns about an interest rate increase were fueled by Vice President Johann Wilhelm Gaddum of the Bundesbank, who said that Germany's central bank had "some concerns" that inflation was heating up again.

Any increase in German interest rates traditionally has a spill-over effect in the Netherlands and other European nations.

The change in sentiment on European equity markets contrasted sharply with the optimistic mood that has recently powered shares to record

levels on both sides of the Atlantic. London's decline was led by profit-taking in the banking and oil sectors.

In Frankfurt, stocks came under pressure because of sliding futures prices, the weakening dollar and Wall Street's drop.

Chemical companies led the decline after reporting weak earnings.

"A lot of people are running for cover out there at the moment," a Frankfurt trader said. "This is very quickly done. It's a bit of a fast correction." (Reuters, Bloomberg)

## Subscriber and Ad Gains Lift BSkyB Profit by 22%

Compiled by Our Staff From Dispatches

LONDON—British Sky Broadcasting PLC, the satellite network controlled by Rupert Murdoch, said Friday that pretax profit rose 22 percent for the year that ended in June, to £313.7 million (\$497.7 million), on higher subscriber and advertising revenue.

Sales increased 26 percent, to £1.27 billion, and the network's number of subscribers grew to nearly 6.4 million from 5.5 million the previous year.

The company said it planned to

proceed next spring with a digital network service in parallel with its existing analog network. As a result of its digital plans, the cost of buying programs for the year rose 37 percent, to £155 million.

Despite the results, which were at the top end of market forecasts, the company's share price finished down 31 pence at 437. Analysts blamed the drop on a company comment that business in the first six weeks of the new financial year had only been "in line" with last year. (AFP, Bloomberg)

## Swiss Watch Firms Post Strong Half

Compiled by Our Staff From Dispatches

ZURICH—Swiss watchmakers posted an upturn in earnings Friday as SMH SA, or Societe Suisse Microelectronique et d'Horlogerie, and Tag Heuer International SA reported higher first-half results, helped by weakness in the Swiss franc.

Switzerland's biggest watchmaker, SMH, whose brands include Swatch watches, said half-year sales rose 7 percent, to 1.41 billion Swiss francs (\$932.5 million), while group operating profit was up 32 percent, to 162 million francs.

Tag Heuer, whose shares have been publicly listed in Switzerland and the United States since Septem-

ber, said first-half sales rose 6.6 percent, to 226.2 million francs, while net income was up 60 percent, to 25.5 million francs.

The figures are further evidence of the boost that Swiss watchmakers and other exporters are getting from a weakening of the Swiss franc, which makes their products more competitive abroad.

The improvements also stemmed from better demand in some key European markets, analysts said.

"Both companies profited from the weak Swiss franc," said Pierre Pinel of Banque Paribas in Geneva. SMH produces several brands besides Swatch, including the luxury

Blancpain as well as the somewhat less expensive Omega and Rado. It said stronger sales in June and July had been led by its higher-priced segment. The latest figures released by the Federation of the Swiss Watch Industry suggested a similar trend. The data showed exports up 7.8 percent, to 3.86 billion Swiss francs, in the first half.

In London, Doughty Hanson & Co. said funds that it managed planned to sell about 690,000 Tag Heuer shares, or around a 12.8 percent stake in the company, in a market offering to be completed in the week of Aug. 25.

(Reuters, Bloomberg)

## WORLD STOCK MARKETS

Friday, Aug. 15

Prices in local currencies.

Telecom

High Low Close Prev.

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The 1,000 most-traded National Market securities  
In terms of dollar value, updated twice a year.  
*The Associated Press.*

No. 1		No. 2		No. 3		No. 4		No. 5		No. 6		No. 7		No. 8		No. 9		No. 10		No. 11		No. 12		No. 13		No. 14		No. 15		No. 16		No. 17		No. 18		No. 19		No. 20		No. 21		No. 22		No. 23		No. 24		No. 25		No. 26		No. 27		No. 28		No. 29		No. 30		No. 31		No. 32		No. 33		No. 34		No. 35		No. 36		No. 37		No. 38		No. 39		No. 40		No. 41		No. 42		No. 43		No. 44		No. 45		No. 46		No. 47		No. 48		No. 49		No. 50		No. 51		No. 52		No. 53		No. 54		No. 55		No. 56		No. 57		No. 58		No. 59		No. 60		No. 61		No. 62		No. 63		No. 64		No. 65		No. 66		No. 67		No. 68		No. 69		No. 70		No. 71		No. 72		No. 73		No. 74		No. 75		No. 76		No. 77		No. 78		No. 79		No. 80		No. 81		No. 82		No. 83		No. 84		No. 85		No. 86		No. 87		No. 88		No. 89		No. 90		No. 91		No. 92		No. 93		No. 94		No. 95		No. 96		No. 97		No. 98		No. 99		No. 100	
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Korea



THE  
REPORTHow Old Tigers  
Lost Their Roar  
In Recent Asian  
Currency Crisis

By Conrad de Aenlle

ONCE THEY were roaring tigers, but now they are getting a bit long in the tooth. Investors probably should not bet against them, but committing money to Asia's four Little Tigers and their neighboring economies these days would be taking a lot of risk as recent events illustrate.

Investors may not appreciate the irony, but Southeast Asia has been among the few places where it was easy to lose money during the global asset appreciation of the past three years. Before that, investments in the four Asian tigers — Hong Kong, Singapore, South Korea and Taiwan — and their fast-growing neighbors, seemed like sure things.

The current crisis, centered on Thailand, is only an acceleration of a multiyear slump. Share prices in Bangkok fell 70 percent before reversing course sharply after the currency, the baht, was allowed to float last month and immediately fell 25 percent against the dollar.

The rise of the stock market reflects optimism that a cheaper baht will make Thai exports seem more competitively priced, but the fall of the baht made the gain barely perceptible to foreign investors. In other Southeast Asian stock markets, which have seen currency depreciations of up to 10 percent, losses in dollar terms this year range from 3 percent in Indonesia to 22.8 percent in the Philippines. Hong Kong and Taiwan are the exceptions: Their stock indexes are up 19.7 percent and 40.9 percent in dollar terms, respectively, this year, but as currency turmoil extended to Hong Kong on Friday, the market lost 2.4 percent of its value in a single session. Some analysts think Taiwan, with a burgeoning bad-debt problem, could be next.

Currencies, in fact, are the key to what ails the tigers. Their economies have been growing faster than those of less dynamic countries, reflecting high manufacturing output and exports, which depend on capital flows.

These factors alone would leave the tigers vulnerable to swings in the business cycle. Add the pegging of many Asian currencies to the dollar, constraining the use of monetary measures that other central banks have at their disposal, and the risk of a Thailand situation grows.

A strong capital inflow "boosts the money supply and lowers interest rates," Alistair Barr, an economist at the Centre for Economic Forecasting at London Business School, said. "Investment and consumption then go up, and with a pegged currency, you can't say, 'Let's raise interest rates.'"

Through the spring of 1995, weakness in the dollar and the tigers' currencies drove a boom in exports and economic growth. The tigers seemed a sure thing to outsiders, and inward investment soared. The money went into property development and new factories — too much in each case.

The tigers now produce far more computers, semiconductors and other goods than the world is willing to buy, with depressed prices and lower revenues the result. Economic growth has slowed, the property bubble has burst and banks have collapsed.

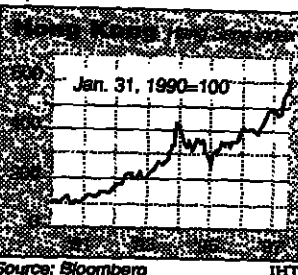
These unhappy circumstances were gravely worsened by the dollar's recent rise, which raised the value of the tigers' heavy foreign debts. More important, because of the currency pegs, export prices rose, making unwanted goods more costly, and central banks had to work against their countries' industry by keeping interest rates high to support the pegs. At the same time, with growth slowing, foreigners asked for their money back. There was no choice but to weaken the link to the dollar in several countries.

Korea has gotten into much the same fix as the other tigers, although it accomplished it pretty much on its own. Because it has been slow to open markets to outsiders, there was no tidal wave of inward investment. Instead, they ensured private savings were funneled into state-owned banks and then to the chaebol, the giant industrial conglomerates, in the form of cheap loans. As in Southeast Asia, production far exceeded export demand.

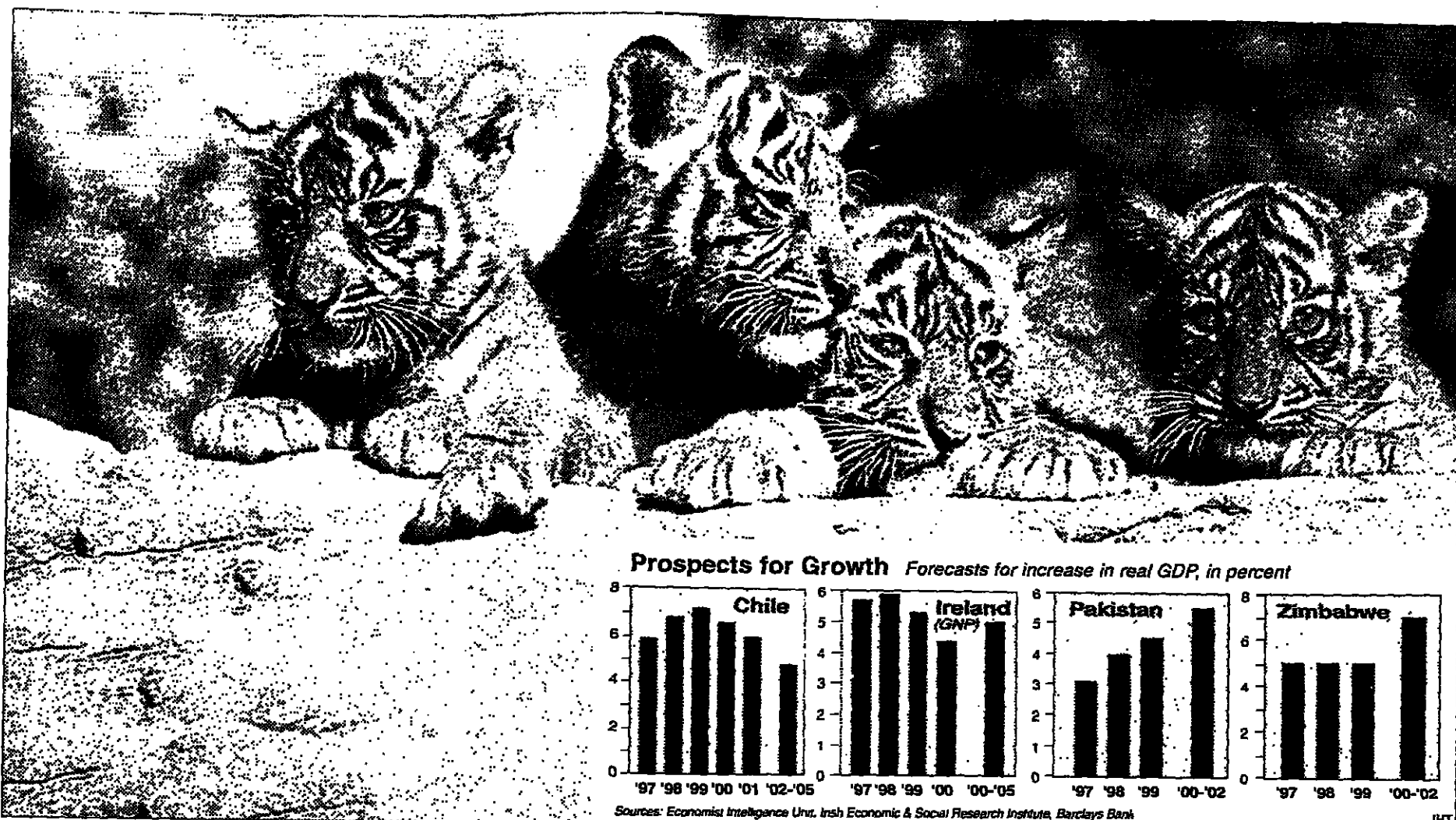
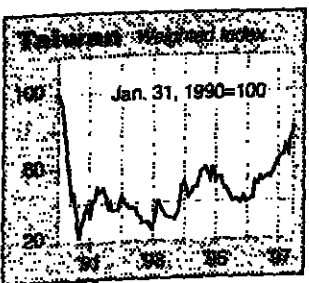
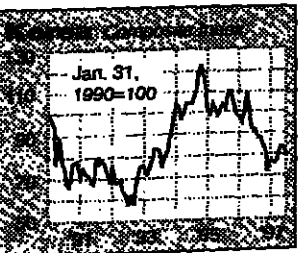
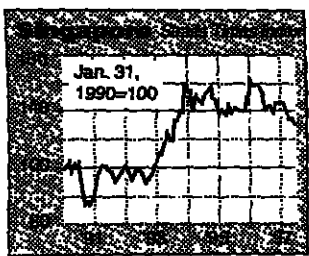
The stock market tumbled before most of the others in Asia because many of Korea's problems — corporate indebtedness and slowness of reform in particular — are systemic, not cyclical. It is also recovering sooner. After reaching very low valuations late last year, the market turned higher and is one of the few on the right side of zero this year. One reason is that the currency, the won, was not anchored to the dollar; after falls against the dollar and yen, Korean goods are priced attractively to foreigners.

Singapore's government, like Taiwan's, was successful at channeling private savings into industrial expansion, but it avoided a key mistake made by Taipei: It did not attempt to dictate the lending policies of commercial banks. Today Taiwan's big banks groan under the weight of bad debt, much of it property-related.

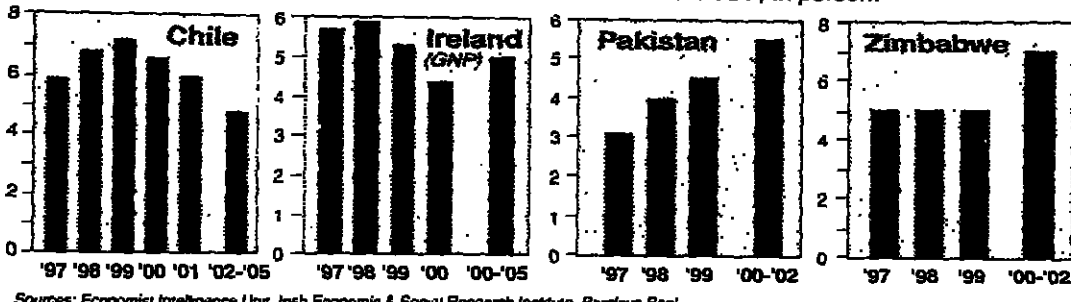
After the cascades in stocks and currencies, the markets look tantalizingly cheap to foreign investors, but Ian Burden, chief investment officer in Asia for HSBC Asset Management, is resisting the urge. "It's a region that has underperformed for three years; for a contrarian investor, it's getting quite tempting," he said. "We will look back in two or three years and see if the currency volatility was a watershed event and a long-term positive, but short term, we are quite cautious."



Source: Bloomberg



Prospects for Growth Forecasts for increase in real GDP, in percent



Sources: Economist Intelligence Unit, Irish Economic &amp; Social Research Institute, Barclays Bank

Continued on Page 16

## 4 Emerging Tigers: Far-Flung and Individualistic

By Aline Sullivan

FOR MORE than a decade, Southeast Asia has been home to the so-called Little Tigers: countries with fast-growing economies in which long-term investments were almost a sure thing. Until recently, the region was a byword for prosperity, slighted only by a very few contrarians who questioned whether such rapid growth was sustainable.

That the contrarians had a point is now obvious. Money is pouring out of the region as it experiences growing pains, leaving investors to scan the globe for other opportunities.

Four markets that investment professionals say could be the tigers of the next millennium are Chile, Ireland, Pakistan and Zimbabwe. These new tigers have small sizes and high rates of growth (about 6 percent annually, or twice that of the United States), in common, but little else.

Indeed, they also share very few characteristics with their Southeast Asian predecessors. Cheap labor and capital, traditionally the basic

foods of economic tigers, are no longer the big attractions. Instead, these countries offer investors strong growth based on solid economic foundations and reasonably stable governments.

They are certainly not scrambling to emulate the successes of Japan. Southeast Asia's countries did that only too well: allowing wages to rise and real estate values to soar transformed the once-fierce regional challengers into defendants, vulnerable to competition from their less-developed neighbors. The new tigers are more subtle and tracking them is harder work.

"There aren't many parts of the world left to discover in the way that investors discovered Southeast Asia 10 years ago," said Austin Forey, a director in the emerging markets department at Robert Fleming & Co. in London.

The only really obvious place where that kind of revelation could occur is in Africa but there isn't much to invest in there. South Africa and the Sahara. Otherwise, we just try to look for good growth prospects in countries where the econ-

omy is doing well."

Ireland and Chile are certainly not classic emerging-market plays, despite recent annual growth rates of about 6 percent. Ireland, the "Celtic tiger," is firmly ensconced in the European Union, while Chile has long been the most stable economy in Latin America.

But both countries are export-driven and regional leaders in financial services, and both are benefiting from a reappraisal among investors looking for sustainable returns.

Pakistan is a different story. Asia, as any player of the board game Risk knows, is a big place, and the subcontinent has benefited from the turmoil in the southeast as fund managers reallocate their assets.

Pakistan has many of the advantages of its giant neighbor India, including a rapidly growing middle class and some strong export-led industries, but it has been plagued by political instability. Reforms are in the pipeline, however, and the country could become the economic tiger of its region, fund managers said. As is so often the case in emerging markets, the potentially most

rewarding region is also the most difficult in which to invest. Sub-Saharan Africa has recently posted some startlingly impressive gains: Its economies grew by a 20-year record of 4.4 percent last year.

Not surprisingly, fund managers have been fast on their feet. Excluding South Africa, the region now accounts for 4.3 percent of the assets of the global funds tracked by Micropal, more than double the 2.1 percent allocation of a year ago.

Much of that growth can be attributed to strong performances from the 12 members of the Southern African Development Community, eight of which announced growth rates of more than 5 percent. Among these, Zimbabwe has become the darling of international investors, thanks in large part to an ambitious privatization program.

Hunting for new tigers in small and emerging markets can be an exercise in frustration. Every investor wants to be the first off the block but some managers are critical of what they perceive as premature entries into illiquid and volatile markets. Michael Winter, manager of the

UBS Asia New Horizons Fund in Singapore, is confident that money will eventually return to Southeast Asia, if only because are not many other places for it to go.

"You cannot shift big money into the Asian subcontinent or even into Latin America because there just isn't that kind of capacity," he said.

Mr. Winter, whose fund invests in Korea, Thailand, Indonesia, Taiwan and the Philippines, has not had a fun summer. Assets have been slashed by more than a third, to \$500 million from \$800 million.

"Most of our investors at private-banking clients who have been taking their money out of Southeast Asia and reinvesting it in the United States and Europe," he said. "They were right to do it, of course, but I think at least some of it will come back fairly soon. The U.S. looks overvalued, and there are very few other markets that can soak up big money."

Our four new tigers may not yet be sufficient receptacles for the huge sums flooding out of Southeast Asia. But their growth prospects and stable politics make them worth considering for at least a portion.

## Chile

CHILE is often the first stop for investors entering Latin America's volatile markets, and with good reason. In contrast to its neighbors, whose boom-bust economies were plagued by debt and hyperinflation, Chile installed economic policies in the early 1980s that produced steady growth and falling inflation, and its private-sector pension plan is a model for the rest of Latin America.

Last year, however, Chile seemed to fall from grace. The country was hit by a severe drought; economic growth slowed, and the Central Bank kept interest rates from falling. Disappointed investors headed for the booming markets of Brazil and Argentina, whose economic ills were diminishing, and Mexico, where recovery from the disastrous 1994 peso devaluation was gaining momentum.

The International Finance Corp. Latin America dollar index rose 14.1 percent for 1996, but its Chile index plunged 17.2 percent. "People thought Chile's stock market would do badly, and it actually did worse," said Geoffrey Dennis, global emerging markets strategist for HSBC James Capel.

But fortunes can change quickly in Latin America's unpredictable markets, and today Chile's prospects are markedly improved. The drought has ended, and long-awaited interest-rate cuts have materialized, pushing short-term rates down to 6.75 percent from 7.50 percent, with an additional quarter-point cut expected by year's end. The stock market has surged 30 percent in dollar terms this year, although Mr. Dennis, for one, does not see it as expensive for Latin America. Meanwhile, Brazil, especially, looks stretched after a run-up of 51 percent in dollar terms since January.

Mr. Dennis turned bullish on Chile early this year, and he remains positive. "It's the ultimate safe haven market in Latin America," he said. "If U.S. interest rates rise before the end of the year, we would expect Chile to outperform the rest of the region, which is more dependent on foreign capital flows."

Longer term, things look bright as well. Like the Asian tigers, Chile boasts a personal savings rate of more than 20 percent, and an economy growing at a solid 5 percent to 8 percent annually. Moreover, its \$30 billion private pension plan provides a huge pool of liquidity for investments. Economic growth is driven by an expanding middle class, which is gaining disposable income, and a program of government spending on bridges, ports and roads — part of a plan to make Chile a trade center between Asia and southern Latin America.

Still, views on Chile vary considerably. "We think the Chilean market has reached its fair value for the year," said Renato Grandmont of

## Ireland

NOT ALL TIGERS live in the tropics. The so-called Celtic tiger paces the cool damp ground of Ireland, transforming the country's long-depressed economy into the fastest growing in Western Europe.

Investors are pumping money into Ireland at a terrific rate, and for good reason. Developed, stable and firmly ensconced in the European Union, Ireland is nevertheless posting the kind of economic growth usually associated with emerging markets. Its gross national product soared by an average of 7.3 percent over each of the past three years and is expected by many analysts to continue growing briskly to the end of the century.

Virtually all the news from Ireland is cheery these days. The general election on June 6 produced a new prime minister, Bertie Ahern. He and Prime Minister Tony Blair of Britain have already had some success in promoting the Northern Irish peace process, including securing a ceasefire declaration from the Irish Republican Army on July 20.

The republic's economy may prove a stronger selling point for Irish nationalists. In Dublin the government is somehow managing to keep inflation in check while overseeing surging growth. House prices jumped by almost a third last year, consumer spending reached record levels but interest rates remain at historic lows. Nevertheless, inflation clocked in at just 1.6 percent in 1996. At the same time, Ireland enjoys significant grants and tax concessions from the EU, allowing it to operate an expanding offshore financial management center in Dublin.

Even unemployment, for years the thorn in this tiger's paw, is abating. Ten percent may sound enormous to Americans and Asians, but coming from a country where as many as a fifth of working-age people were out of a job in the mid-1980s and some 200,000 were forced to emigrate in that decade alone, the rate seems blessedly small.

Today the government is advertising in Boston, New York and other cities with big Irish populations, begging the best and brightest of the country's emigrants to come home. Irish living standards are on target to match the EU average by the middle of the next decade and exceed those in Britain even earlier, according to a recent forecast from the government's Economic and Social Research Institute.

Prospective investors will find some Irish stocks still well worth buying despite a jump of almost 40 percent in the Irish Overall Index so far this year, analysts said. Building and construction stocks are still surprisingly cheap, for

## Pakistan

FOR THOSE who still doubt that stock-market investors look to the future instead of the past, consider Pakistan. Except for Hong Kong red-chips, or issues tied to mainland China, Pakistani stocks have risen more than any in Asia this year. That is not bad for a country whose financial fate lies in the hands of the International Monetary Fund and which has been pummeled by sectarian and communal violence as well as pests that have attacked its major cash crop, cotton. Also, the banking system is in terrible shape.

Now, with a new government that seems to be saying and doing some of the right things, investors figure the dark days are over. The Karachi Stock Exchange index has surged 42.5 percent in the year to date in dollar terms, mostly since the government of Prime Minister Mian Nawaz Sharif assumed power in February.

Pakistan benefits from its similarity to India, but there are drawbacks as well. Until this decade, the two were about equal in industrial development, but India's reforms got underway sooner because its currency crisis in 1991 that forced it under the IMF's wing first.

In a sense, Pakistan has to work harder for foreign investment, since some of India's attractiveness lies in its size. The country is expected to overtake China in terms of population by the middle of the next century. With around 127 million inhabitants, Pakistan is not a small country, but it has only about 14 percent of India's population of 913 million.

It is difficult to imagine things getting much worse than when the government of former Prime Minister Benazir Bhutto left office last year. On her watch, payrolls at government-run companies rose by 50 percent in three years, and government bank borrowing in the final year was almost four times the targeted level. International donor pressure to tax the country's richest people, the agricultural landlords, went unheeded. The IMF suspended credit, and Pakistan came within weeks of running out of foreign exchange.

Little wonder Pakistan now has the lowest debt rating of any Asian country. It has been downgraded twice by Moody's Investors Service since 1995, and now stands at B2, well below investment grade. Creditworthiness matters, because to miss international debt payments leads to higher borrowing costs for everyone, businesses included.

The market is counting on a new agreement with the IMF, reached last month, which would release \$1.6 billion in money pre-

## Zimbabwe

LIONS are more commonly associated with Zimbabwe than tigers. But in terms of economic performance there is no doubt that the country is the tiger of Southern Africa.

In just one year, Zimbabwe's stock market capitalization has doubled. The total, \$6 billion, is still very small by the standards of developed markets — the Johannesburg Stock Exchange is capitalized at \$283 billion, for example — but it makes Zimbabwe by far the most attractive market a region that is enjoying unprecedented growth.

The 12 members of the Southern African Development Community all registered growth last year, eight of them at a rate of 5 percent or more. Such progress would be extraordinary anywhere, but it is astonishing in a region that until recently was torn apart by war.

"Africa used to be tarred with the same brush. If there were problems in one country investors would ignore the rest," said David Masters, senior analyst at the Boston office of Micropal, the London-based fund data company.

"But Southern Africa has changed, and now that people are waking up to the opportunities, there are going to be considerable inflows into the region over the next few years," he said.

Zimbabwe is the region's most populous and prosperous country apart from South Africa and the obvious target for investors. It accounts for 0.5 percent of the assets of the 106 global emerging-market funds tracked from Micropal, up from 0.3 percent last year. That gives it the lion's, or tiger's, share of allocations to Southern Africa excluding South Africa, which rose to 0.7 percent of the funds' portfolios, up from 0.4 percent a year ago.

Indeed, a number of funds dedicated to the region has sprung up in recent years. Morgan Stanley invests 21 percent of its \$327 Africa Investment Fund Inc. in Zimbabwe. The fund, which trades on the New York Stock Exchange, has gained 27.15 percent so far this year. A further 43.1 percent of its assets are invested in South Africa.

Other funds that now invest heavily in Zimbabwe include: Alliance's Southern Africa fund, Barings' Simba Fund, the GT Africa Funds, the Merrill Lynch Middle East and Africa funds and Calvert New Africa.

Raymond Goldblatt, Capetown-based manager of Fleming's \$86 million New South Africa Fund, devotes virtually all the fund to South Africa and Zimbabwe.

"The Zimbabweans are managing their companies in environments of very high inflation [21.4 percent in the year to June 30] so their company earnings look very good," Mr.

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## INTERNATIONAL FUNDS

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This image shows a vertical strip of a document, possibly a newspaper page. At the top, the headline "Faith-Ba-" is visible. Below it is a large, bold letter "I", followed by a large, bold letter "C". The majority of the page is filled with a large, faint, and mostly illegible block of text. At the bottom, there is a small, partially visible section titled "When Child" and "Fund's".

The data in the list above is the data supplied by the fund groups to Mirocapital SA, it is collected and reformatted into the list below being transmitted to the IHT. Mirocapital and the IHT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Mirocapital to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.



## THE MONEY REPORT

## Faith-Based Investing: A Few Numbers, a Little History, a Lot of Hope

**I**N A MOVE that took the world completely by surprise, Steven Jobs of Apple Computer Inc. announced earlier this month that Microsoft Corp., once a hated foe, had agreed to invest \$150 million in his beleaguered company and become its strategic partner.

Apple stock, which had slumped to \$13 a share in July from a high of \$50 two years ago, shot up to \$29 the day after the Jobs press conference; it has since settled back to about \$23, an increase of more than 75 percent in six weeks.

Whether Apple, which has lost \$1.7 billion in the past two years, will now thrive is still an open question. But Microsoft's help has given the company a huge boost.

In the resurrection of Apple, there is an important lesson for small investors: A company with a great brand name and great products will find a way. It is nearly impossible, even for a hotshot stock analyst, to figure out just how such a company will get on track again, but there is a good chance that it will.

I call the strategy grounded in this concept "faith-based investing." It should not be confused with throwing darts at the financial pages or going with a hunch. Faith-based investing works only with the right stocks.

You need a company with the following characteristics:

- Price has been beaten into the ground on bad news and worse prospects.

- Balance sheet remains strong.
- Product lines are varied.
- Track record is extensive and impressive.
- Brand name remains untarnished.

Apple is certainly a faith-based stock, but it is not a perfect example. For instance, while the company had nearly \$2 billion in cash at the end of last year, it is relatively young and has a fairly limited line of products.

A better example is International Business Machines Corp., which had practically been given up for dead by Wall Street when, out of the blue, Louis Gerstner, a journeyman corporate executive with no special expertise in technology, arrived on the scene in 1993 and revitalized the company. Within four years, the stock rose from \$107 to \$21 (adjusted for splits).

No one could possibly have guessed that Mr. Gerstner would be hired, that he would devise a brilliant strategy or that it would work. But a faith-based investor could have figured that IBM's brand was so strong, its balance sheet so sound and its products so varied that something would happen to pull it out of the dumps.

A few years ago, with the Cold War over and military budgets being cut, an ideal faith-based category emerged in defense stocks. Look at McDonnell Douglas Corp., which has septupled in five years or Lockheed Martin Corp., which

has doubled since it was created in a merger two years ago.

For a faith-based investing story that's still in the works, consider AT&T Corp. With management in disarray, competition fierce and the spin-off of a valuable asset (Lucent Technologies, Inc.), the company has suffered over the past few years. Profits have declined in three of the past four quarters. But AT&T has one of the

possibly know how AT&T would solve its problems, but it continued to hold a strong market position and had shown its mettle in the past. With its P/E ratio now at about 14, it may still be a bargain.

A faith-based strategy frequently turns up stocks that I'm fond of calling "branded wallflowers" — companies with great traditions that have been shunned by investors because of recent problems, sometimes minor.

A year ago, I pointed to Merrill Lynch & Co. as a perfect example of a branded wallflower. Unloved, it was trading at a P/E of 8. Since then, it has more than doubled, and, with a P/E of 15, may be a little pricey. Other stocks that were identified as branded wallflowers then — Dana Corp., Citicorp and NationsBank Corp. — have also soared, but their P/E's are still lower than the market as a whole.

But perhaps the best evidence that faith-based investing works is a wonderful mutual fund called Lexington Corporate Leaders. The fund was started in 1935 on a simple premise: We'll buy an equal number of shares in 30 great companies that we'll hold forever. We'll sell a company only if it is merged out of existence, is de-listed from the New York Stock Exchange or stops paying dividends. We won't add new ones.

The fund, which Value Line awards its top

ranking, has performed brilliantly. Over the past three, five and 15 years it has finished in the top quarter of its investment category, according to Morningstar Mutual Funds. If you had put \$10,000 into the fund on Jan. 1, 1987, you'd have \$49,631 on July 31, 1997; over that period, the average fund in its category would have grown to only \$42,253. "Despite murmurs of disbelief from active managers," writes Morningstar's analyst, "this fund continues to outperform its peers with only a static portfolio."

Lexington Corporate Leaders merely owns terrific companies, some of which have been through hard times and all of which have made major changes over the past 62 years in how they do business. Typical holdings include Allied-Signal Inc., which started life as a chemical company but whose top divisions now are aerospace and automotive parts, and General Electric Co., which moved from lightbulbs to power plants, jet engines and financial services. The fund also owns Eastman Kodak Co., Union Pacific Corp., Travelers Group Inc., Mobil Corp., American Brands Inc. and, of course, our old faithful friend, AT&T.

Washington Post Service

For further information, call:

• LEXINGTON CORPORATE LEADERS 1 201 445 7700 or toll-free 1 800 445 7700  
• MERRILL LYNCH 1 212 445 7700 or toll-free 1 800 445 7700

## Chile

Continued from Page 15

Merrill Lynch & Co., where the biggest bets are on Mexico and Argentina. (Merrill's house view is that U.S. rates will not increase again this year and may even fall.)

In London, the \$1 billion Schroder Latin America fund is somewhere in the middle. After starting the year with a 13 percent chunk in Chile, its managers took some profits, but they are now poised to buy again. "We're starting to see real value, and we think 1998 could be a very good year," said Olga Tascon of the fund's management team.

Enthusiasm is running high for Enersis SA, the country's big electric utility, which has been aggressively taking stakes in the privatizations of electricity distributors in Argentina, Peru and Brazil. The excitement stems from the announcement two weeks ago that Empresa Nacional de Electricidad SA, Spain's electric utility, would take a controlling stake in Enersis, creating a regional powerhouse. "Together, they'll have purchasing power of about \$3.5 billion to \$4 billion for upcoming privatizations in the region, and there's a lot of room for more growth," said David Hurd, Merrill Lynch's Santiago-based electric utilities analyst.

The country's banking sector is also attracting attention. Ms. Tascon of Schroders sees a value play in Banco Santander-Chile, a domestic bank that Banco Santander SA of Spain took control of a year ago. With a restructuring of its loan portfolio almost finished, the bank is building steady fee income from its network of automated teller machines and its position as the largest issuer of credit cards in Chile.

Ms. Tascon favors Banco BHF attractive as well, despite a more than 30 percent run-up in its share price this year. This smaller bank is pursuing a niche strategy of lending to consumers and small to medium-size companies. It also is diversifying into brokerage and financial advisory services, including mutual funds.

Another theme that has paid off for investors in Chile is one of buying strong domestic companies that are expanding successfully throughout the region. A favorite is Embotelladora Andina SA, the Coca-Cola bottler for Santiago, which is doing a robust business in Brazil and Argentina. Its American depositary receipts are trading around \$21, and Merrill Lynch has just raised its target price to \$26 over the next 12 months. Ms. Tascon favors Compania Cervecerias Unidas SA, a brewery that also bottles Seven-Up. "Their second-quarter results were very good, they're doing a good job, especially in Argentina, and they're moving into other countries," she said.

Judith Rehak

For more information:

• ALL THE COMPANIES mentioned are traded on the New York Stock Exchange as depositary receipts.  
• SCHROEDERS LATIN AMERICA FUND, Tel: 44-171-458-4000

## Ireland

Continued from Page 15

example, despite share price gains of about 50 percent last year, RMC PLC, Heiton PLC and Grafton PLC are all trading at between 9 and 11 times their estimated 1997 earnings, compared with an average multiple of 15.2 for the sector in Britain.

Joe Bunnell, an analyst at Davy Stockbrokers in Dublin, suggests CRH PLC, Ireland's largest building company, which has lagged its peers because the bulk of its earnings are derived from outside Ireland. "Investors tend to jump it with the U.K. building sector which has done poorly because the strength of sterling is hurting their international operations," he said. "But under 25 percent of its business is in Britain. Ireland accounts for a quarter and the U.S., where revenues are certainly healthy, almost a half."

Liam Igoe, an analyst at Goodbody Stockbrokers, recommends sugar company Greencore PLC. "A lot of international food companies are setting up in Ireland and they all want sugar and flour from Greencore," he said. But at 13 times 1997 earnings it looks cheap compared with its Continental counterparts at about 17 times earnings.

Apart from the building and construction industries, finding a pure play on Ireland can be a problem for foreign investors because so few successful Irish companies are purely domestic. A population of just three million makes expansion overseas critical for all but the most local concerns.

"Any company here worth its salt runs up against capacity constraints pretty quickly and then diversifies overseas," said Oliver Mangan, an analyst at AIB Capital Markets in Dublin. "But the financial stocks such as AIB and Bank of Ireland are still good plays on the Irish economy."

Funds may be the obvious route but investors in Ireland appear to have better luck buying shares directly. The \$96.4 million Irish Investment Fund, for example, which is listed on the New York Stock Exchange and run by the Bank of Ireland Asset Management Ltd., has returned only 14.3 percent in dollar terms so far this year after gaining 23.2 percent last year.

The £70 million First Ireland Investment Trust is a similar but better-performing fund run by AIB Investment Managers in Dublin and listed on the London Stock Exchange as well as Dublin. After five years of strong performance, it significantly underperformed the stock exchange index in 1996 but has since recovered to outperformed it slightly. The fund's shareholders agreed Wednesday to allow the fund to buy back some of its shares in an effort to boost its trading price, currently at a 10 percent discount to net asset value.

Aline Sullivan

For more information:

• IRISH INVESTMENT FUND INC., tel: 1 800 466 6473.  
• FIRST IRELAND INVESTMENT TRUST, tel: 353 1 661 7077.

## Pakistan

Continued from Page 15

viously suspended. That Pakistan's problems would then be over is hardly a sure thing, however. In the past decade it has entered into six IMF programs, but each was halted mid-term when the country failed to meet its key conditions, such as reducing government spending and imposing taxes on agricultural income.

Will real reform be the outcome this time? Investors think it might be, yet Pakistani stocks are still cheap by international standards. They are now trading at 11.6 times projected earnings for the year ending June 1998, and 9.4 times the following year's, according to the Jardine Fleming brokerage.

If the IMF deal should work, Qaisar Hassan, a Jardine analyst, figures stocks would rally anew, perhaps as much as 30 percent more by December.

Before then, he foresees some declines among the country's top stocks as some investors lock in profits from this year's great run. His top pick for right now is Muslim Commercial Bank, previously state-owned and the only large bank in the country to be listed. With the Sharif government committed to allowing banks to close unprofitable branches and curb their bloated payrolls, MCB is forecast by Jardine Fleming to record a staggering 640 percent increase in earnings this year.

A caveat about investing in the Pakistan market, which appears to offer a selection of more than 700 stocks: Do not be fooled by the illusion of great choice. Other than perhaps the top 10 to 15 companies, "illiquid takes on a special meaning in Pakistan as well as Bangladesh," said Colin Kingsnorth, who runs the \$25 million Regent Pacific Mogul Fund. "Illiquid means you can't trade this company at all at any price for many years. The price on the screen is the last trade. That may have been made nine months ago."

Managers recommend sticking, at least initially, to the biggest and safest companies: Pakistan Telecom, for example, and Hub Power Co., a private-sector power generator whose revenues are denominated in U.S. dollars.

Philip Segal

For further information on buying Pakistani stocks:

NON-U.S. RESIDENTS have a number of options:  
• The Mogul Fund, 44-171-316-0007.  
• The Jardine Fleming Pakistan Trust 852-2843-8777/44-171-638-5558  
• The Credit Lyonnais Pakistan Growth Fund 65-538-4006  
• The Thomson Management (AAA) Pakistan Fund, 852-2826-6884.  
FOR U.S. RESIDENTS, Morgan Stanley's closed-end Pakistan Investment Fund trades on the New York Stock Exchange. Tel: 212-256-7100 or 800-937-5449.  
FOREIGN INVESTORS can also buy the two largest stocks in Pakistan, Pakistan Telecom and Hub Power, via global depositary receipts traded on the London Stock Exchange. These can be more convenient than buying the Pakistani shares directly, but if the rupee falls against Western currencies, so does the value of the GDR.

## Zimbabwe

Continued from Page 15

Goldblatt said. He favors the beverage hotels and leisure company Delta, the bank NMB and the building company Portfolios. The New South Africa Fund has gained 21 percent so far this year.

Investors in Africa and further afield bemoan what they perceive as a shortage of stocks in Zimbabwe, a common complaint in emerging markets. Not surprisingly, local institutions have an extremely low proportion, just 5 percent, of their investments in the stock market.

"There is not nearly enough to buy, and buying can be a self-fulfilling prophecy," Mr. Goldblatt said. "By the time you put through an order at 10 Zimbabwe dollars a share, you find that it has shot up to 11 dollars a share."

The country's ambitious privatization program should help. "The recent privatization of Dairy Boards of Zimbabwe Ltd. was a huge success and we expect the same from the Commercial Bank of Zimbabwe and the Cotton Company of Zimbabwe later this year," said Simon Ried, a broker at Edwards & Co. in Harare. "It is still very early days but all of this is very good news for us in this country."

Shares in these three companies should be available to foreign investors by October, when exchange controls will be relaxed, at least for some offerings. By then, investing in Zimbabwe should be simply a matter of picking sectors and stocks.

Agriculture, notably tobacco, is still the big earner, accounting for about 15 percent of gross domestic product last year after jumping almost 50 percent in local currency terms. Indeed, a prolonged dry season and resulting poor harvest in 1995 caused Zimbabwe's GDP growth to shrink to 3 percent, or about the current U.S. rate. One year and one good rainy season later, it shot up to 6 percent.

The manufacturing sector is gaining fast, however. Analysts expect it to rise by 7 percent this year, thanks to improved consumer demand for beverages, tobacco and clothing. By next year manufacturing should be the largest contributor to growth. Manufacturing stocks should rise 48 percent next year in local currency and 32 percent in 1999, they predicted.

The outlook for Zimbabwe's mining industry is equally rosy. Although the market remains depressed this year by low international metal prices, the Edwards & Co. analysts expect gains of 8 percent in 1998 after the Hartley Platinum mine comes on stream at the end of this year. "The high level of exploration activity currently being undertaken provides a measure of excitement for this sector," they said.

Aline Sullivan

For more information, call:

• FLEMING'S New South Africa Fund, 2721 794 7007.  
• MORGAN STANLEY Africa Investment Fund Inc., 1 212 762 7600  
• MERRILL LYNCH Middle East Africa Funds 1 212 445 1100

## When Child Surpasses Parent

Fund's Success Highlights Hazards of Selling on Past Record

By Edward Wyatt

**I**F YOU BLINKED, you might have missed it. But last month, Hartford Capital Appreciation briefly achieved what only a handful of broad-based stock mutual funds have done in the past decade: It gained more than 100 percent in a 12-month period.

Doubling investors' money in a year is quite a feat, even for a brand-new fund like this one, which began investing shareholders' cash on July 25, 1996. (The fund's rolling 12-month return has since slipped a bit, from triple digits to about 88 percent last week.)

But more surprising than its stellar performance is the distance by which Hartford Capital Appreciation outpaced a sister portfolio from which it was cloned. That portfolio — overseen by the same manager and with the same investment objective — underlies two variable annuities (mutual funds with an insurance feature) also sold by the Hartford Life Insurance Cos.

Instead of gaining about 100 percent over the past year, the annuities returned roughly 45 percent. That, of course, is nothing to sneeze at, but it is less than half of the return received by investors in the fund.

The tale of the Hartford Capital Appreciation portfolios serves as a warning to investors about the vagaries of a marketing strategy that is growing increasingly popular among fund companies today: using the track record of a long-established portfolio to sell a new, untested mutual fund.

Fund analysts say the practice has increased during the last two years since the Securities and Exchange Commission said it would allow fund companies to use the historical performance record of a similar portfolio in a new fund's prospectus. Regulators are now considering whether to allow fund companies to use these track records in advertisements.

Hartford received specific approval from the commission to clone a mutual fund from a variable annuity. According to the ruling, the company could use the performance of annuities in a new fund's prospectus if each

new portfolio would be managed in a substantially similar way as its sibling.

But being managed in a substantially similar way does not mean that funds perform in a substantially similar way. And while here the difference worked to the benefit of fund investors, it has worked the other way. Four other stock funds the Hartford cloned last year have underperformed their corresponding annuity portfolios by three to five percentage points.

Part of the 55 percentage-point difference in performance can be explained by the fact that annuities generally have far higher expenses than mutual funds, which tends to drag down their returns by several points a year.

But the main factor was simply size, said Saul Pannell, who manages the Capital Appreciation portfolios of both the mutual fund and the variable annuities. The annuity portfolio started with about \$3 billion of assets; the fund started with none.

Many of the small-capitalization stocks that contributed to the fund's performance were not a significant part of the annuity holdings. Mr. Pannell said, "because there would not be a prayer of getting a position" big enough to contribute meaningfully to those much bigger portfolios.

Portfolio strategy varies as well. In the small fund portfolio, "I ideally look for price gains in three to six months," Mr. Pannell said. The annuity portfolio's target, however, "is much longer — six months to two years."

Big portions of the mutual fund's gains have come from investments in companies whose valuations are well below the market averages — a strategy Mr. Pannell calls "anti-momentum," or counter to the trend to buy stocks just because their prices have been going up.

Big gains include First Plus Financial Group, a buyer and reseller of home-improvement loans; Creative Technologies Corp., which makes computer sound boards; Perceptive Biosystems, which makes biotechnology equipment, and EMC, a maker of data storage systems.

New York Times Service

## BRIEFCASE

## Competition Hits Offshore Fees

Purveyors of offshore funds have long been like the owners of duty-free shops at airports: Customers are paying less in tax, so the merchants think it is only right to keep some of that savings for themselves by charging more for services.

That is changing. Research by Lipper Analytical Services Inc. shows that competition among offshore centers is forcing down charges on funds while increasing the variety of legal and tax structures available to fund managers, which in turn makes it easier for investors to find the most suitable products.

"Regulation, legislation, speed of authorization, taxation — they're trying to make it easier," Stig Erikson, joint editor of Lipper's Offshore Fund Industry Directory, said of authorities in the numerous offshore domiciles.

"It does materially affect choice. Jurisdiction matters."

Charges are falling because fund managers have more choice, too. In addition

to keener competition among the centers themselves, there are more firms vying to provide services to management companies.

"Pricing is going down because costs are going down in administration and custody," Mr. Erikson said. "With competition hotting up, fund managers can no longer justify higher charges than those on domestic funds."

Lipper's tome, containing information on 6,000 offshore funds in 21 centers, is intended for institutional money managers and other financial professionals. Priced at £1,695 or \$2,795, it will not go flying off the shelves at your local book shop.

Anyone interested in the directory, which includes a CD-ROM with data, can contact Lipper at Vector Court, Farringdon Road, London EC1R 3AD, England. The phone number is 44 171 520 2100. (IHT)

## Don't Leave Your Audit Without It

One of the more intriguing sections of the newly passed tax legislation in the United States is that Americans will be able to pay their taxes with a credit card.

But don't rush to call your card company for details. The sooner any decisions will be made on how to implement such a program is spring 1998, said a spokesperson for the U.S. Department of the Treasury, who added: "We want to get feedback from the companies first."

That will not be difficult, according to Robert McKinley, president of RAM Research, a credit card data company. He said he expected plastic purveyors to rush to get in what could be a huge bonanza. "They've already done studies that figured paying taxes with a card would mean anywhere from \$50 bil-

lion to \$100 billion in revenues to the industry," he said. He figures that would translate into roughly \$1.5 billion to \$2.0 billion in interest rate fees for card companies — paid by cardholders.

It remains to be seen, however, who will pay the "transaction fee" (2 percent for Visa and MasterCard, or 2.7 percent for American Express) that card companies normally collect from restaurants and merchants, since the tax legislation prohibits the government paying such a fee. Given the high stakes in an market that is already saturated, Mr. McKinley thinks the card companies will figure out some way to deal with it, possibly by adding it on to the cardholder's charges.

As steep as the combined interest and other fees might be, they are unlikely to deter American consumers, who prize convenience, Mr. McKinley said. He also raised

the possibility of piling up points for frequent-flyer miles as well. If that sounds far-fetched, he noted that you can now use credit cards at U.S. post offices to pay for everything from stamps to overnight mail — and accumulate frequent-flyer miles with many such purchases. The deal works only for individuals, however. Mr. McKinley tells the story of some purchasing managers using credit cards to buy thousands of dollars of postage for their companies and then applying to collect free plane tickets. "It took the card companies about six weeks to figure it out," he said. The feature has been canceled for businesses. (IHT)

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## WORLD ROUNDUP

## Star Stays at Home

**SOCCER** Barcelona pulled out of a \$12 million (\$19.2 million) transfer deal for Liverpool's international forward Steve McManaman after failing to meet his demands for \$2 million (\$3.2 million) a year, press reports said Friday. McManaman seemed happy that Barcelona had refused to meet his demands.

"McManaman is asking for a huge amount of money," said Juan Gaspart, Barcelona vice president. "It's just impossible for us to pay that much to one player."

McManaman, 25, said he was surprised when Liverpool told him to discuss the move with Barcelona. He said he was happy "still playing in the city where I come from."

Instead, Barcelona said Friday it had paid Deportivo La Coruna 4 billion pesetas (\$25.7 million) for Brazilian midfielder Rivaldo (AP).

Newcastle United, which is managed by Kenny Dalglish, the former Liverpool player and manager, added another ex-Liverpool star Friday when it signed striker Ian Rush, 37, on a free transfer from Leeds. Earlier in the week, John Barnes joined Newcastle on a free transfer from Liverpool. (Reuters)

## Sampras Falls to Swede

**TENNIS** Pete Sampras, the defending champion and No. 1 seed in the RCA Championships in Indianapolis, lost to Sweden's Magnus Larsson on Thursday, snapping his winning streak at 13 matches.

Larsson, seeded 16th in the tournament and ranked 37th in the world, served strongly to eliminate Sampras, 7-6 (8-6), 4-6, 7-6 (7-5). Sampras said he had trouble reading the bounce of the balls used at the tournament.

Andre Agassi, the No. 14 seed, advanced to the quarterfinals with a 7-5, 6-1 victory over Alex Corretja of Spain, the third seed. It was Agassi's first victory this year over a player ranked in the top five.

Aranxa Sanchez Vicario, whose world ranking has slipped to No. 11, lost to her doubles partner, Mary Joe Fernandez, 6-4, 6-3, in the du Maurier Open in Toronto. (AP)



Pete Sampras meditating during his loss to Magnus Larsson.

## Coach Feels the Heat

**FOOTBALL** Howard Schnellenberger, the former Oklahoma football coach, is named in a lawsuit filed by a player who suffered a heart stroke in August 1995.

Bryan Ailey says he suffered severe dehydration while practicing in extreme heat and humidity, and that this resulted in a heart stroke.

In addition to physical injuries, Ailey said he suffered emotional injuries and eventually had to withdraw from school. (AP)



Shigeki Maruyama of Japan lining up a putt during the PGA Championship's second round Friday. He shot 70.

## A Lighter Daly Puts the Dark Days Behind Him

Washington Post Service

**M**AMARONECK, N.Y. — Don't ask John Daly to look into the future. Don't even ask him to look through the rest of this weekend. Yes, he tied the competitive course record by shooting a 66 Thursday. But John Daly can't afford to daydream. The only way he can negotiate life right now is in little baby steps. And even that might not be good enough for a man with a history of destructive excesses.

You know what Daly did when he left Winged Foot Golf Club on Thursday after shooting that absolutely absurd 66? He went to an AA meeting. Alcoholics Anonymous.

"I'm always scared of what's going to happen next," he said, "so I don't want to get too excited. I used to pump my fist in the air when I made some putts and stuff." He added, "You don't know what's going to happen next. I'm just trying to keep my emotions level."

Daly was the story, the whole story and nothing but the story on Day 1 at the 79th PGA Championship. Anybody who tells you he had expected to see John Daly atop the leader board after 18 holes is either a fool or a screenwriter.

Daly himself said he was "pretty much in shock" over his 66.

Tiger Woods, who was happy to take a backseat, but only for a while, said, "I myself were talking about it, and we're very proud of him for doing that."

Paul Azinger said of Daly: "He does look good, and you can tell he's very competitive right now. There was a time when he wasn't as competitive, where he was kind of going through the motions and really didn't care. Today he cared. He cared greatly, and you could see it in his eyes and his attitude, and it was a noticeable difference from several months ago."

We don't dare say he looked the John Daly of old, because who, in God's name, would wish that on him?

## Vantage Point / MICHAEL WILSON

Remember, we're talking about a man who at 31 years old has come dangerously close to total self-destruction.

He won a PGA championship at age 25 in August 1991, and four months later he destroyed a hotel room in South Africa in a drunken rage. In June 1992 he was forced off an airplane in Denver after becoming intoxicated and confronting a flight attendant. In 1993 he was charged with third-degree assault on his then-wife Bettye, then entered a rehabilitation center in Arizona. He pleaded guilty to harassment of Bettye; the assault charges were later withdrawn.

His life has been like this for the past six years, one drama after another, his massive excesses making those around him run for cover. He received divorce papers while playing the 1993 Masters.

He was suspended from the PGA Tour in November 1993 for picking up his ball after missing a putt in the second round of the Kapalua International.

He won the British Open in July 1995 but by October 1996 admitted he was engaging in "social" drinking. By March 1997 he was back in the alcohol rehabilitation program at the Betty Ford Center after a drinking binge in Florida forced him to withdraw from the Players Championship.

His third wife, Paulette, recently filed for divorce, and Wilson, the sporting goods company, terminated his \$30 million endorsement deal.

In June he ducked into the clubhouse — quitting — between the ninth green and the 10th tee at Congressional, without telling his playing partners or U.S. Open officials, saying he simply wasn't physically or emotionally ready to handle competitive golf just yet.

He missed the cut last week at the Buick Open.

Then all of a sudden, as if completely out of nowhere, Daly came up with his best day of play in a long, long time here at golf's fourth and final major of the year. He caught fire and birdied the three most difficult holes on the course — 16, 17 and 18 — to sit atop the board, tied with Davis Love III, at 4-under.

"It's just a wonderful feeling to birdie all three of those," he said. "It was three of the hardest holes in golf, or pretty close to it."

At 195 pounds (88 kilograms), Daly

## Love Lost in the Trees Following his Desire

By Leonard Shapiro

Washington Post Service

**MAMARONECK, N.Y.** — Given the choice, Davis Love 3d said he would prefer a PGA Championship to a place on the U.S. Ryder Cup team. The way he has played through the first two days at Winged Foot in the 79th PGA, both options are very much available to the 33-year-old, a winner of 10 PGA Tour events who has never prevailed in 38 previous major championship attempts.

Love, a co-leader with John Daly after Thursday's first round with a 4-un-

## PGA Golf

der-par 66, was still on top of the leaderboard after his second round Friday, played in hazy, humid conditions on a course that was drying out and toughening up by the minute.

Love had a wild ride of a round, including a double bogey at the 16th after an errant second shot behind a tree but still managed to come in at 1-over 71 and was the early leader in the clubhouse with a 36-hole total of 137, 3-under par.

Winged Foot was not yielding nearly as many low numbers Friday morning as it had Thursday, when 23 players in the field of 150 posted sub-par first rounds. In the 1984 U.S. Open at Winged Foot, only four men broke par after the first 18 holes; in 1974, when the U.S. Open was also at Winged Foot, no one came in under par in the opening round.

With most of the bigger names, including Daly and Tiger Woods, teeing off later in the day, Love had a one-shot

advantage over four other players among the early finishers: Jeff Maggert, who shot 69 on Friday; Phil Blackmar (68); Costantino Rocca (69) of Italy; and surprising Shigeki Maruyama (70) of Japan, playing in his first PGA Championship. Colin Montgomerie also shot 71 and was 5-over 145 and likely to make the cut, unlike Jack Nicklaus, who shot 76 for a two-round total of 150.

Love is No. 10 on the U.S. Ryder Cup points list. The top 10 after the PGA automatically make the team to play the Europeans at Valderrama, Spain, on Sept. 26-28. Even if he doesn't make it on points, the consensus is that the captain, Tom Kite, probably would pick Love as one of his two wild-card selections.

Love is only 11 points ahead of Maggert, who is No. 11 in the race. Top-10 finishers at the PGA will earn points and the champion, if he's American, will get 300 points.

Love said, "I'm really not feeling too much pressure from the Ryder Cup. I want to play in it very, very badly. I'm here first to win the PGA Championship. I feel like I've got enough game on this golf course to win it."

On Friday, Love stumbled at the start with bogeys on the first two holes, including a 3-putt on the first when his 25-foot (7.5 meter) putt from the fringe above the hole slipped past the cup and picked up speed, nearly rolling off the green 30 feet down the other side. He managed to putt from there in two.

He made birdie putts of seven feet and 12 feet at No. 5 and 6, before 3-putting for bogey from 25 feet after a glorious recovery on his second shot from behind three birch trees blocking his path to the green. He took a huge swing and lofted cleared the treestops by inches, but missed a five-foot putt for par.

Tree trouble led to his double bogey at 16 after he had moved to 5-under with a birdie on the previous hole. He was forced to hit a low shot toward the green. The ball ran through a trap, hit the top lip and stayed in the sand. He blasted to 12 feet from there, but barely missed the bogey putt to post six on his card.

Maruyama got to 4-under for the tournament through 12 holes before making bogeys at 13 and 15. He parred from there, and the 27-year-old who plays on the Japanese tour demonstrated that his tie for 10th place at the British Open last month at Royal Troon was no fluke. In Japan, he has won twice this year, with more than \$500,000 in earnings.

"If there wasn't any rough, I'd love the course," he said, no doubt speaking for the entire field.

## Caniggia's Wife Nixes Maradona's Passion

The Associated Press

Diego Maradona and Claudio Caniggia, former teammates on the Argentina team, this week renewed their partnership at Boca Juniors of the Argentine first division.

But Caniggia's wife, Mariana Nannis, has laid down some conditions. If Boca scores, Maradona and Caniggia can hug, but they can't kiss — especially on the lips.

Maradona and Caniggia last year celebrated a goal for Boca with a long kiss on the lips that became known in Argentina as the *piquito*, the peck.

Maradona pledged at the beginning of the season to kiss Caniggia every time he scored.

"All I ask him is that he doesn't make a fool of himself," Nannis said of her husband. "It's immoral."

"That type of thing will never happen again in my family because my children deserve respect and it's no example to them," she said. "So I spoke to him about it. I don't expect it to happen again."

Maradona, 36, began his latest comeback in July. Caniggia, 29, returned to the club this week after a year's absence. Both their careers have been marred by drug bans. Between them they have been banned for 43 months.



Caniggia, left, and Maradona celebrating with a kiss.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

## AMERICAN LEAGUE

## EAST DIVISION

Team	W	L	Pct.	GB
Baltimore	73	62	.541	0
New York	71	64	.523	2
Toronto	58	77	.432	14 1/2
Boston	50	85	.368	22 1/2
Detroit	56	64	.467	19 1/2

## CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	58	60	.492	3 1/2
Chicago	57	61	.483	4 1/2
Minnesota	51	69	.425	11 1/2
Kansas City	49	68	.419	12 1/2

## WEST DIVISION

Team	W	L	Pct.	GB
Seattle	64	52	.559	0
Anheim	67	53	.558	0
Los Angeles	58	62	.483	9
Oakland	49	73	.402	19

## NATIONAL LEAGUE

## EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	75	47	.615	0
Florida	69	50	.580	4 1/2
New York	67	53	.558	7
Montreal	60	59	.504	13 1/2
Philadelphia	49	73	.402	19

## CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	64	56	.532	0
Pittsburgh	59	61	.492	5 1/2
St. Louis	54	66	.450	10 1/2
Cincinnati	52	67	.437	12 1/2
Chicago	49	73	.402	16 1/2

## WEST DIVISION

Team	W	L	Pct.	GB
San Francisco	64	54	.545	0
Los Angeles	66	55	.545	0
San Diego	58	62	.479	9 1/2
Colorado	57	64	.471	10 1/2

## THURSDAY'S LEADERS

Team	W	L	Pct.	GB
Anheim	68	50	.577	0
Los Angeles	66	55	.545	0
San Diego	58	62	.479	9 1/2
Colorado	57	64	.471	10 1/2

## FOOTBALL

## NFL PRESEASON

## THURSDAY'S RESULT

City, C. Davis 2 (21), Dye (3).	Kintetsu 3, Lotte 1
302 002 221—12 15 2	Orb 11, Seibu 5
000 000 000 5 0 1	Nissan Ham 4, Daiichi 1

## CFL STANDINGS

## EASTERN DIVISION

Team	W	L	T	Pct.	GB
Toronto	6	2	0	.750	0
Montreal	4	3	0	.556	2 1/2
Hamilton	1	6	0	.143	5 1/2
Winnipeg	1	7	0	.125	6 1/2

## WESTERN DIVISION

Team	W	L	T	Pct.	GB
Edmonton	6	2	0	.750	0
British Columbia	4	3	0	.556	2 1/2
Calgary	4	4	0	.500	3 1/2

## THURSDAY'S RESULTS

Team	Score
Toronto 28, Edmonton 14	
Calgary 35, Winnipeg 24	

## PGA CHAMPIONSHIP

Second Thursday from the first round of the \$2.5 million PGA Championship on the 5,987-yard, par-70 (35-35) West course at Winged Foot Golf Club in Mamaroneck, N.Y.

## JAPANESE LEAGUES

## CENTRAL LEAGUE

Team	W	L	T	Pct.	GB
Yokohama	58	38	1	.604	0
Hiroshima	50	42	0	.543	8 1/2
Chunichi	48	46	0	.511	9
Hanshin	47	52	0	.475	12 1/2
Hanshin	43	52	1	.453	14 1/2
Yomiuri	40	56	0	.417	18

## PACIFIC LEAGUE

Team	W	L	T	Pct.	GB
Orb	51	37	2	.580	0
Selbu	51	42	1	.548	7 1/2
Nippon Ham	47	50	1	.485	8 1/2
Daiet	47	50	0	.485	8 1/2

## SOCCER

## EUROPEAN CUP, WINNERS CUP

## QUALIFYING ROUND, FIRST LEG

Offin Browne	33-37-70
David Duval	35-35-70
Ernie Els	31-31-70

## NATIONAL HOCKEY LEAGUE

## THURSDAY'S RESULTS

LT	Bob Boyd 34	37-71
	Mark Calcavecchia	38-33-71
	John Cook	36-35-71

## TRANSITIONS

## BASEBALL

## AMERICAN LEAGUE

Team	W	L	Pct.	GB
Anheim	68	50	.577	0
Los Angeles	66	55	.545	0
San Diego	58	62	.479	9 1/2
Colorado	57	64	.471	10 1/2

## NATIONAL LEAGUE

## THURSDAY'S RESULTS

Team	W	L	Pct.	GB
Atlanta	75	47	.615	0
Florida	69	50	.580	4 1/2
New York	67	53	.558	7
Montreal	60	59	.504	13 1/2
Philadelphia	49	73	.402	19

## MONDAY, AUG. 18

## TENNIS

Boston, Massachusetts — ATP Tour, U.S. Pro Championships, through Aug. 24; Cincinnati, New York — ATP Tour, Wimbledon's Men's Cup, through Aug. 24; Atlanta — WTA Tour, U.S. Hardcourt Championships, through Aug. 24.

## TUESDAY, AUG. 19

## SOCCER

World Cup Qualifying, European Zone, Liechtenstein vs. Iceland.

## WEDNESDAY, AUG. 20

## SOCCER

Various sites — World Cup Qualifying, European Zone, Bosnia vs. Denmark, Finland vs. Norway, Hungary vs. Switzerland, Estonia vs. Austria, Belarus vs. Sweden, Bulgaria vs. Israel, Czech Republic vs. France, Turkey vs. Wales, Ireland vs. Lithuania, Romania vs. Macedonia, Portugal vs. Armenia, Ukraine vs. Albania, N. Ireland vs. Germany, South American Zone, Uruguay vs. Chile, Colombia vs. Bolivia, Ecuador vs. Paraguay, Venezuela vs. Peru, Chile vs. Colombia, Sri Lanka vs. Sri Lanka, Sri Lanka vs. India, second one-day international.

## THURSDAY, AUG. 21

## GOLF

Dublin, Ireland — PGA European Tour, European Open, through Aug. 24; Akron, Ohio — U.S. PGA Tour, NEC World Series of Golf, through Aug. 24; Surrey, British Columbia — U.S. PGA Tour, Greater Vancouver Open, through Aug. 24.

## FRIDAY, AUG. 22

## GOLF

Bozovack, Ohio — U.S. LPGA, Star Bank LPGA Classic, through Aug. 24.

## SATURDAY, AUG. 23

## RUGBY UNION

Pretoria, South Africa — South Africa vs. Australia.

## SUNDAY, AUG. 24

## AUTO RACING

Spa-Francorchamps, Belgium — Formula One, Belgian Grand Prix.

## SOCCER

Various sites — World Cup Qualifying, European Zone, Slovakia vs. Czech Republic, Washington — CONCACAF Champions Cup final.

## CYCLING

Geneva, Switzerland — World Cup, GP Suisse.



## SPORTS

## Johnson, the AL's 'Big Unit' Lefty, Is in Control

By Jennifer Frey  
Washington Post Service

BALTIMORE — Randy Johnson had control of the television clicker in the visitors' locker room at Oriole Park at Camden Yards. He watched CNN. He watched local news. He watched The Weather Channel. He flicked from station to station.

No one complained. Johnson sprawled his 6-foot-10 body across a leather couch, arms crossed, his lips pressed so tightly together that his mustache and goatee almost touched. A group of fellow Mariners sat nearby. Not one asked for a station change. They all knew better.

"The day he's pitching, you just don't want to say a whole lot to him," explained Jay Buhner, the Mariners' right fielder. "He's pretty much in a different frame. You can tell, just by the way he carries himself. You leave him alone."

Johnson had a long, long time to sit and stew Thursday evening. After an electrical failure dimmed the overhead lights at Camden Yards, both teams sat until 10 P.M. before the game officially was

called off because of shadows on the field. And though no one would admit it, the thought of facing Johnson's 100-mile-per-hour fastball in dim light was a factor in the decision.

The Orioles' pitcher Mike Mussina had his doubts about playing under those conditions. "It's against Randy Johnson. I mean, come on."

Instead, the Orioles would have to come back Friday for another day of Johnson-induced indigestion, a condition frequently seen among left-handed hitters when Johnson is scheduled to pitch.

While "the Big Unit," as he is known, flipped channels in the visitors' clubhouse Thursday, the Orioles' manager, Davey Johnson, posted his lineup card down the hall. The lone left-hander on the list was Brady Anderson. In the space labeled "extras," the lefty column read: Tarasco, Baines, Surhoff, Palmeiro. The right-handed column was empty.

"The only left-hander I know who likes to hit against him is Brady," the Orioles' manager said. "Brady is different. Brady likes a challenge. Brady takes it personally."

Anderson has eight hits off Johnson, which doesn't sound like much, but many American League left-handers are still trying for their first — if they face Johnson at all.

"There isn't really a secret," Anderson said, then paused a moment. "Well, one thing is, you actually gotta play."

Colorado slugger Larry Walker's image took a hit when he took a day off — while in pursuit of the magic .400 batting average — when Johnson faced the Rockies in an inter-league game. Walker, however, has some pretty good company. Among the Orioles, Harold Baines admits he never has faced Johnson.

And over the past five seasons Rafael Palmeiro, one with the Texas Rangers and four with the Orioles, Palmeiro has missed seven games when Johnson was the starter. If it weren't for Johnson, Palmeiro might be chasing Cal Ripken's consecutive games streak.

"It's not just that it could be a bad game," said Palmeiro. "It can create a bad week. He's that dominant."

That Johnson started this season so strongly is remarkable, given that he pitched just five games in 1996 before being sidelined with back prob-

lems and undergoing surgery for a herniated disk during the off-season. "I'm really not too surprised at anything he does anymore," said Seattle's manager, Lou Piniella, "but he really has had a fantastic season, especially taking in consideration the problems he had last year and surgery he had over the winter."

Going into the game Friday, Johnson had a 2.35 earned-run average, second in the American League to Toronto's Roger Clemens, and has struck out a league-high 243 batters.

He trails Clemens, who has 18 victories, by two, and opponents have hit a league-low .192 against him.

THOSE numbers, though, only solidify Johnson's standing as the game's most dominating left-hander, a title he claimed in the '95 season.

The AL's Cy Young winner that year, Johnson pitched the Mariners into the postseason with a three-hit complete game against the Angels in a one-game playoff. Then he won Game 3 of the Mariners' division playoff series against the Yankees

and came out of the bullpen — on one day's rest — to win Game 5.

"Stuffwise, he's as nasty as there is," Davey Johnson said. "Don Drysdale was nasty on right-handers like he is on left-handers. There aren't many guys 6 feet 10 inches who throw three-quarters who don't have any problem coming up under your chin."

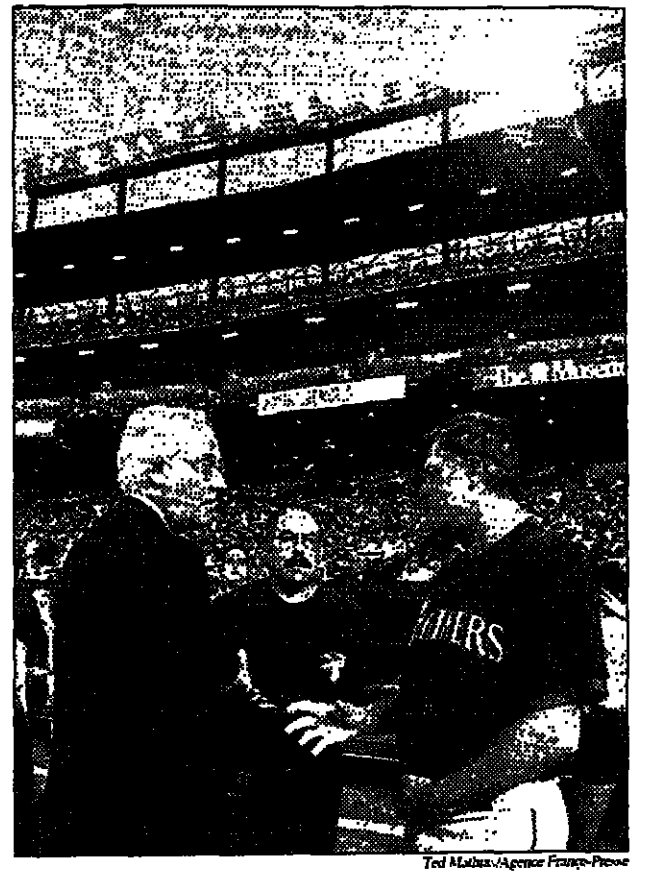
It always will be Johnson's heat that makes the biggest impression on people. Opposing hitters have nightmares in which his fastball is the star. It even costs some of Johnson's own catchers some sleep.

Two starts ago, the Mariners' catcher, Dan Wilson, had a stiff neck, and backup John Marzano replaced him.

It was Marzano's first time catching Johnson in a game, and although Johnson pitched only six innings, Marzano woke up the next day and could not believe the soreness in the back of his left shoulder. The force of the ball as it hit his mitt had taken a toll.

That day, Marzano mentioned the soreness to Wilson, who laughed.

"Are you kidding?" Wilson told him. "Every time I catch him, I wake up sore."



An Orioles official, Joe Foss, left, caucusing with the umpires' crew chief, Al Clark, and the Seattle manager, Lou Piniella, about the malfunctioning lights.

It Was a Dark and Frustrating Night  
Game Called as Lights Fail in Baltimore; Yankees Drub Royals, 10-5

The Associated Press

A first-place team gave its sellout crowd anything but first-class treatment. A power outage that left a bank of lights darkened the postponement of Thursday night's Mariners-Orioles game at Camden Yards, but the fans had to wait around for hours to find out what was going on.

"The worst thing is, they didn't say anything," said Bob Segal, a fan from Baltimore who left the park at 9:50 P.M. — 2 1/4 hours after the scheduled starting time and 10 minutes before the public-address announcer finally informed the crowd of the postponement. "I think that creates a lot of ill will."

The trouble at Camden Yards began when the lights were turned on before the game. Only a few bulbs in the bank of lights along the first-base line were illuminated, so the starting time was pushed back.

The problem was eventually located, but when the lights were turned on at 8:45 P.M., there were still about 25 bulbs that remained dark. Although it appeared as if the field was bathed in enough light, the game remained delayed.

After several discussions involving the umpires' crew chief, Al Clark, both managers, several Orioles officials and the field's head groundskeeper, Paul Zwaska, the game was finally called off at 10 P.M.

The Seattle manager, Lou Piniella, said the Orioles suggested around 9:45 that the teams try to get the game in, but he refused.

"By that time, my players were undressed and my starting pitcher was in the shower," Piniella said.

Yankees 10, Royals 5 In New York, Tim Lincecum capped a four-hit night with a go-ahead, two-run double in the seventh inning.

David Wells (14-5) won his fourth straight start, pitching 7 1/3 innings as the Yankees won for the fifth time in six games. Tino Martinez drove in four runs, raising his league-leading total to 113.

But the victory came with a cost for New York, whose second baseman, Luis Sojo, hitting .307, suffered a fractured wrist when he was hit by a pitch.

The Yankees gained a half-game on Baltimore in the AL East.

Indians 12, Tigers 1 In Cleveland, Manny Ramirez, Jim Thome, Sandy Alomar and David Justice all homered for the Indians.

Ramirez had three hits, including his 19th homer, and two outstanding catches in the outfield.

Red Sox 6, Twins 1 In Boston, John Valentin's bases-loaded triple highlighted a five-run eighth inning.

It was the sixth straight loss and ninth in 10 games for the Twins. It also was the second straight loss for Brad Radke

(16-7), whose streak of 12 victories in 12 starts was broken last weekend by New York.

Angels 6, Brewers 1 Todd Greene hit a three-run homer and knuckleballer Dennis Springer pitched a six-hitter as Anaheim snapped a three-game losing streak by winning in Milwaukee.

Rickey Henderson, acquired by Anaheim on Wednesday in a trade with San Diego, started in left field and led off. Baseball's all-time stolen-base leader went 0-for-5 but got on base and stole third in the ninth inning.

Before the game, the Angels released Eddie Murray, one of only three players in baseball history with more than 3,000 hits and 500 home runs.

Athletics 12, White Sox 5 Jason Giambi and Matt Stairs each hit two-run homers and run-scoring doubles to lead Oakland past the host White Sox, snapping Chicago's four-game winning streak.

Giambi hit his 13th homer in the first inning and Stairs hit his 18th in the third to give Oakland its seventh victory in 18 games.

In National League games: Dodgers 1, Expos 0 Otis Nixon, acquired by the Dodgers from the Toronto

Blue Jays on Tuesday, robbed David Segui of two home runs as the Dodgers beat visiting Montreal.

Nixon, playing in his second game for the Dodgers, leaped above the center-field fence to catch Segui's towering fly ball in the second inning, then reached just over the wall while on the run to snare Segui's liner with a runner on base in the fourth.

Segui has hit a career-high 13 homers this year.

Nixon, 38, said with a laugh: "He was staring at me after I caught the first one. He was really staring at me after I caught the second one. I didn't look at him, he's too big."

Mike Piazza hit a 1-0 pitch from Ramon Martinez over the back wall of the left-field bullpen with two out in the third for the game's only run. Despite the loss, Martinez (14-6) lowered his NL-leading earned run average to 1.70.

Giants 7, Cubs 3 In San Francisco, Shawn Estes won his 15th game and Bill Mueller hit a three-run homer as the Giants matched last year's victory total of 68.

Estes, struck out 10 and allowed five hits in 7 1/3 innings. He retired 11 straight batters in the fourth through seventh innings in winning his third straight decision.

Padres 5, Reds 4 In San Diego, Tony Gwynn, back after missing five games with a kidney ailment, beat out a ground ball for a fielder's choice in the 10th inning to give the Padres a victory.

Gwynn went 2-for-5 to keep his average at .383.

Mets 6, Cardinals 2 Bobby Jones won his 13th game for the Mets, and Edgaro Alfonzo's grand slam broke open a one-run game in the fifth to give New York the victory in St. Louis.

Jones (13-7) had been 0-4 with a 6.70 earned run average since beating Pittsburgh on June 20.

One of the Mets' new relievers, Mel Rojas, who had allowed six runs in four innings since coming over in a trade with the Cubs, pitched a perfect ninth.



ON THE RUN — Brett Perriman, right, a Kansas City receiver, being tackled by Lamar Lathon, a Carolina Panthers linebacker, in an exhibition game. The Chiefs won, 30-10. Lathon made the most controversial play of the game; a hit that gave Chiefs' quarterback Rich Gannon a chipped tooth and a cut mouth and tongue.

## Cowboys' Newton 'Dealing' With Assault Case

The Associated Press

DALLAS — Is it extortion or sexual assault?

That's the question being posed by lawyers representing the Dallas Cowboys' offensive guard Nate Newton and a woman who says Newton raped her.

Money is apparently the issue, if you listen to lawyers for both sides.

Newton's attorney, Howard Shapiro of Plano, Texas, says it's nothing but extortion. Her lawyer, David Cole, says Newton and Shapiro have repeatedly tried to buy her silence.

Newton, 35, has not been charged with any crime. He declined to talk about the case Thursday as the Cowboys were breaking up training camp at Austin.

On his weekly hourlong Dallas radio show Thursday night, Newton did not directly address the allegation but said he, his wife and two sons were determined to survive the episode intact.

"My wife is dealing with it," he said. "She has the option of every other wife. She chose to stick by her man, and my hat's off to her, and I know it's a hard situation for her."

Newton, apparently referring to his affair with the woman who is now his accuser, said he had made "a mistake."

"A mistake has been made we're not proud of, but we will deal with it as a family, regardless of what anybody out there thinks," Newton said.

Cole contends that three days after

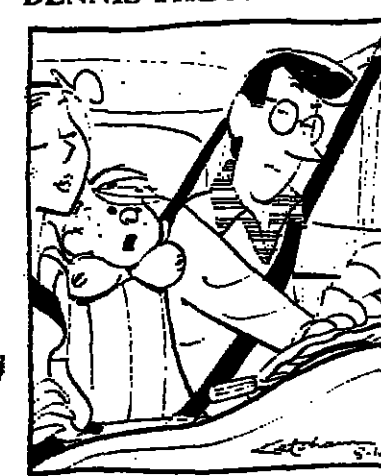
June 15, when the alleged assault occurred, Newton and his attorney invited the 31-year-old woman to a meeting and offered her \$60,000 to not report the alleged incident. She did not have an attorney at the time, Cole said.

Shapiro denied he had arranged the meeting or made an offer. He said the woman had asked for the meeting and demanded \$80,000 to keep quiet.

Cole said his client may pursue a civil suit as well as the criminal case to obtain compensation for her suffering.

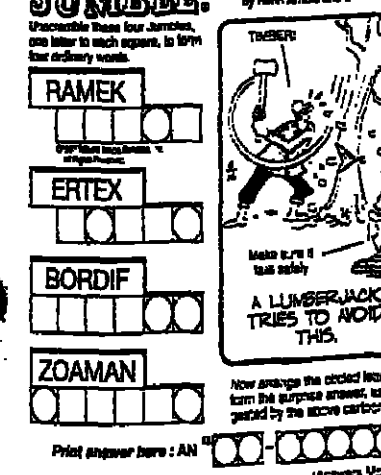
"She is entitled to money — you bet she is entitled to money," Cole said. "But she is also entitled to seek justice for the crime."

## DENNIS THE MENACE



"Gee, Dad. If this is a shortcut, I'm glad we didn't take a long cut."

## JUMBLE



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"HI, SUZY. I'M JON. YOUR BLIND DATE."

## BEETLE BAILEY



"I'LL HAVE THE 'CAULIN CHICKEN'."

## BLONDIE



"I CAN'T FIND MY LARGE CRESCENT WRENCH... DO YOU STILL HAVE IT?"

## CALVIN AND HOBBES



"RING RING"

## WIZARD of ID



"HEAR YE, HEAR YE! BONG BONG BONG BONG"

## NON SEQUITUR



"I WISH YOU'D STOP TAKING STUFF BACK AND LOSING IT BEFORE I'M FINISHED USING IT!"

## DOONESBURY



"NOW I'M AFRAID I'M GOING TO HAVE TO DISAPPOINT HIM. THOUGH I'M SURE HE'LL UNDERSTAND, I HAVE TO..."



DAVE BARRY

## Promotionally Speaking

MIAMI — So there I was, sitting under the hot lights, when suddenly Vicki Lawrence leaped to her feet and started yelling at me about the death penalty. This happened in Los Angeles, on the TV show "Politically Incorrect." People yell a lot on that show. One time I was on there with Micky Dolenz, he yelled at me, too. Back when I used to watch The Monkees on TV, I never dreamed that one day, one of them would be yelling at me personally regarding current events. This is a great nation.

Guests are encouraged to express strong views on "Politically Incorrect," because it makes for better entertainment. The host, Bill Maher, could name any topic at all — say, monetary reform in the 17th-century Netherlands — and we guests would immediately be at each other's throats over it, even if we were not totally certain what "Netherlands" are.

I was on "Politically Incorrect" because I was on a book tour. You go on whatever show they tell you to go on, in hopes that the host will at some point hold your book up to the camera, causing consumers all over America to rush to bookstores to purchase it. You will basically do anything to get your book on TV. For example, a few days earlier, I let a total stranger commit a major act of gel on my hair.

I let a total stranger commit a major act of gel on my hair.

This was on the "Today" show in New York. I was sitting in the makeup room, drinking coffee, trying to wake up, and the makeup person, after studying my head, called the hair person over, pointed at my hair and said: "See? This is exactly what I was talking about."

Then they both laughed, and the hair person, before I knew what was happening, applied 37 pounds of Industrial Concrete Strength gel on my hair, and thus I appeared on national television looking like Eddie Munster. This would have been fine if the reaction of the world at large had been to rush out and purchase my book, but the actual reaction, to judge from the people I know who saw the show, was to ask: "What happened to your hair?"

But getting back to Vicki Lawrence: She was yelling at me about the death penalty, and I was yelling back at her, while simultaneously — and I am NOT proud of this — holding my hand over the mouth of another guest, Sol Wachtler, a former chief judge of the New York State Court of Appeals who got into trouble over a woman and went to jail and, needless to say, wrote a book. I was silencing him so that I could better express my very strongly held views on the death penalty, although now I honestly cannot remember what those specific views were.

I do remember that before the show, when I was in the waiting room with

Vicki Lawrence, somebody brought up her hit song, "The Night the Lights Went Out in Georgia," which has an extremely complicated plot. I have never met anybody who understood what that song is about, so I figured this was my big chance to find out.

"What is that song about?" I asked Vicki Lawrence.

"I have absolutely no idea," she said.

Here's a coincidence: Vicki Lawrence was once a regular on "The Carol Burnett Show," and earlier that same day, I met Carol Burnett! Yes! A comedy goddess! A star who, in my mind, is bigger than all the ex-Monkees combined. She and I were waiting to appear on the early morning news show on Los Angeles TV station KTLA. I still don't know why Carol Burnett was there; I don't think she has a book out. I do know that we were both preceded on the show by a lengthy live news report in which the reporter wound up stripping down to her bathing suit and — I am not making this up — taking a shower with a live iguana.

The next day, I was on a show called "Home & Family," which is broadcast from a house on the Universal Studios lot, just a

short distance from the house where Tony Perkins stabbed Janet Leigh to death in "Psycho." I found myself sitting on a long sofa with — these are just some of the people who were on that sofa — two co-hosts: Olympic decathlon champion Bruce Jenner, an Italian cookbook author, two large, spherical home-improvement contractors wearing matching bright-yellow overalls that would be visible from Mars; two women who wrote a book about something like how to feed a family of 117 people for 23 cents a day, and a complete set of quintuplets.

Every now and then, for no apparent reason, we'd all jump up and move, herd-like, into another room, where we'd watch somebody show us how to do some Home and Family thing such as baste a turkey. For all I know, that show is still going on. After a while, without being formally excused, I just sort of drifted outside and left, moving briskly past the "Psycho" house.

Yes, the book tour was a lot of effort, but it increased the overall public awareness of my name. I know this because my last appearance was on "The Late Late Show With Tom Snyder," and at one point, when we came back from a commercial, Tom Snyder, who was not joking, introduced me to the audience as "Chuck Berry." I was not offended; I'm a big fan of Chuck. But if he has a book out, I want a piece of the royalties.

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## How to Shop Till You Drop on Vacation

International Herald Tribune

PARIS — For weeks before the French leave on their August vacations, newspapers and magazines are filled with warnings about traffic jams, about sun damage, about gouging landlords and pizza sellers, about botulism and pollution. It is enough to make sensible people stay home but no one, of course, is that sensible.

On the other hand, guidebook writers are practical if not sensible. A few years back a new guide suggested that instead of idling on beaches people

MARY BLUME

spend their holidays visiting factories. Why risk a curdled mayonnaise when you can see stoves, vegetable peelers or aprons being manufactured or, for that matter, chickens being eviscerated? Why not watch simulated road accidents at a Peugeot factory instead of real ones on the *autoroute*? Why take holiday snapshots when you can visit a photo-processing lab instead? The guidebook, not surprisingly, does not seem to have had a second edition.

A more successful book, now in its third edition, recommends that instead of lolling about vacationers simply shop until they drop. Marie-Paule Dousset's "Guide des magasins d'usine," published by Seuil, is a 564-page guide to 1,300 factory outlet stores. Not only does she cover all of France's *departements* but she also ventures to those parts of Germany, Italy, Switzerland and England closest to France's borders.

It's a great idea given that French tourists to New England, for example, are already more familiar with the name of L.L. Bean than Paul Revere and in New York the big thrill is no longer the Circle Line but bus tours to discount stores in lower Manhattan.

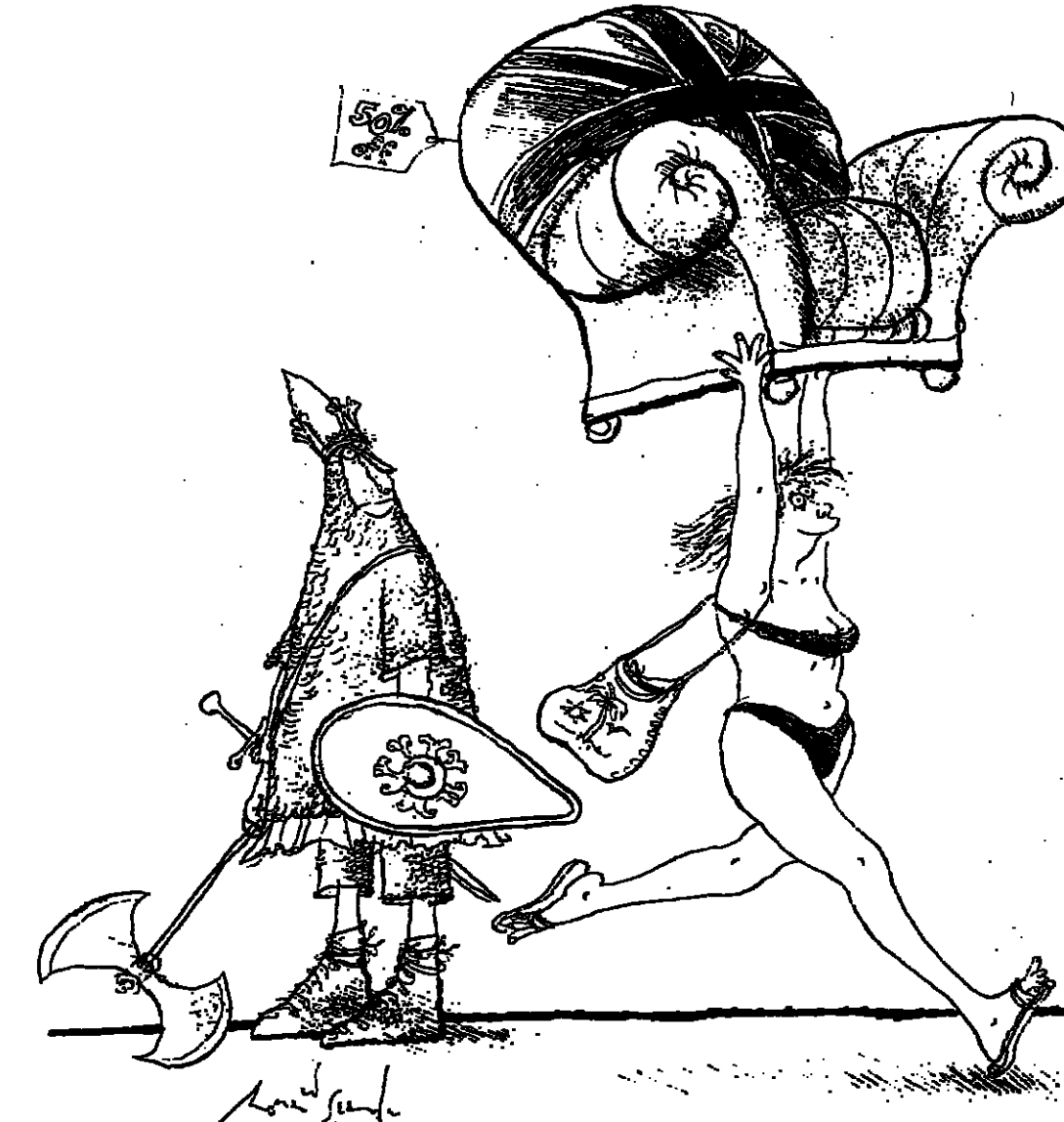
Dousset gives Michelin-style ratings to her entries and includes maps in which museums or cathedrals do not figure but, to take the example of Troyes, a medieval city east of Paris, such sites as Bebe Confort, Adidas and Levi's are clearly marked.

Troyes, where textiles have been made since the 12th century, gets star rating because its department, the Aube, has the highest number of factory outlet stores in France even if its total of actual factories has decreased. Troyes itself boasts a purpose-built outlet area called McArthur Glen and another called Marques Avenue, with a mews called Marques Avenue Maison. McArthur Glen, explains Dousset, is an American import whose architecture resembles Disneyland and whose denizens include Nike, Ralph Lauren, Kenzo and Courreges.

But the crafty shopper is also advised to make certain that brand names are not cheaper in other regions. If you are serious about a pair of Burlington socks, for example, you should consider not only the Aube but also the Haute-Saone or the Val d'Oise, while for Charles Jourdan shoes if you are on your toes you will crisscross the Ardeche, the Aube, the Drome and even Bisceter (*pronounced: Bissieu-r*) in England.

England, or at least those parts nearest France, wins praise as the European country with the most outlet stores. Some are actually located near factories so a search for a bargain Burberry may, says Dousset, take you past "a postcard village where Miss Marple's thatched cottage might well be found."

With a commendable lack of chauvinism Dousset does not mention William the Conqueror or 1066 and all that when describing Hastings, confining herself to 50 percent discounts on armchairs and sofas that are "tres British." No mention of Henry James or Miss Mapp, of course, when it comes to Rye or of the white cliffs of Dover where the local discount wins



mixed praise for having a pleasant environment but few familiar brand names.

Brand names are of course what it's all about from Absorba children's clothes to Zeller Keramik in Germany. In general Germany is not a shopper's haven, its discount centers being too widely dispersed and its sizes being too, well, German. So auf Wiedersehen (*pronounced: ovider-zen*), neighbor.

With the exception of Lake Como, just over the Italian border, factory outlets are rarely in the more attractive parts of a country. Vacationers who think to combine a shopping spree with a day on the beach had better think again. Those on the way to Saint-Tropez be warned: There are only three quite minor discount centers in the entire Var departement, and the Alpes-Maritimes isn't a whole lot better. If you must vacation on the extremely fashionable Ile de Re, remember that nearby La Rochelle has only one dinky-sounding discount store "which does not inspire the bargain hunter's usual giddiness," and those

who feel they must visit the lovely countryside of the Dordogne will have to be content with one store that sells reduced change purses and wallets.

In a rare bit of synergy a Lycra discount is opposite the public swimming pool of Begles in the Gironde (Bordeaux country) but in general serious shoppers must go to serious places. Grim Roubais in the north sounds like a shopper's paradise (and McArthur Glen will add to the fun in 1998), provided you are looking for textiles, which vary from Rubelli to polyester lace. The Aveyron must be as unspoiled as is claimed since its one big brand-name discount is Laguiole knives (other treats include flannel pajamas at only 198 francs, or about \$32).

Dousset asks readers to send in addresses for her next edition, so vacationers will be traveling with pen, as well as shopping bag, in hand. It's a guidebook that is in tune with the times, said one critic. Certainly shopping is less dangerous than pleasure-seeking and the final result — a flattened wallet — is the same.

## PEOPLE

A MODEL who says she was engaged to the millionaire playboy Dodi al Fayed before his reported fling with Princess Diana is suing him for breach of contract after seeing a picture of him kissing Di. Kelly Fisher broke down in tears at a Los Angeles news conference as her attorney related how her client had been "shocked" and "shamed" by the "kiss photo." The British tabloids, which have been having a field day with the princess's summer romance, lost no time in branding al Fayed a two-timer. "You're a Dodi rotten cheat," blared The Mirror's front-page headline Friday. Even the highbrow Times gave over its front page to Fisher and the dazzling engagement ring she says al Fayed gave her. A spokesman for the al Fayed was quoted as saying that Dodi knew Fisher but had never been engaged to her. At the news conference, the attorney, Gloria Allred, said that al Fayed led Fisher "emotionally all the way up to the altar and abandoned her when they were almost there." While Diana relaxed at sea, the lawyer said, Dodi was spending time, by day and by night, on a neighboring boat with Fisher. The attorney said Fisher learned of al Fayed's links with Diana not from him personally, but from the now-famous "kiss photo" published around the world that purports to show an embrace between al Fayed and the princess. "He betrayed her and has humiliated her," said Allred. The suit contends that al Fayed offered Fisher \$500,000 to shift her career so she could spend more time with him; it alleges that she received \$60,000 and a check for \$200,000 that bounced. The model, who declined to give her age, has appeared on the covers of Elle, W and other magazines.



Attorney Allred holding Fisher's hand — with ring.

person, Marie-Louise Meilleur, who lives in a nursing home in Corbeil, northern Ontario, will turn 117 on Aug. 29. Born in 1880 in Kamouraska, Quebec, Meilleur has taken over the age record from Jeanne Calment of France, who died recently at 122. Meilleur's step-granddaughter, Nicole Boss, when asked the secret of Meilleur's longevity, said, "She often says: 'Work and pray.' But I know that she doesn't like meat." Meilleur has more than 300 descendants spread over six generations. She has outlived two husbands and eight of her 12 children.

Kurt Vonnegut, whose purported advice to college graduates recently shot around the world on the Internet, has decided to speak for himself. The novelist will address Rice University's May 1998 commencement. "We wanted the Class of '98 to hear the real thing," said the university's president, Malcolm Gillis. Vonnegut agreed to speak after a whimsical take on a commencement

speech was mysteriously attributed to him on the Internet. The June 1 column by Mary Schmich of The Chicago Tribune started: "Ladies and gentlemen of the class of 1997: Wear sunscreen." Somehow, a rumor started that Vonnegut had delivered the line at MIT.

As tens of thousands of Elvis fans prepared to join an all-night candlelight vigil on Friday night until daybreak Saturday outside Graceland, the Presley mansion, those who couldn't journey to Memphis, Tennessee, were also making their feelings known. The vigil was being held facing the hillside where Presley, his parents and paternal grandmother are buried in a garden half-circled by Corinthian columns on one side and a kidney-shaped swimming pool on the other. Flowers, trinkets, stuffed animals and posters from absent fans are strewn across the graves and stand sentry up and down the walkways leading from the Meditation Garden, as the graveyard is called. Every few minutes a uniformed guard drives up in a golf cart and plants one or two more tributes. Dolores, Linda and Polly, hometowns not listed, have sent an evergreen wreath inset with a plastic miniature model of Graceland decorated for Christmas with a pink Cadillac, like the one Elvis once owned, parked outside. Beth and Kathie from St. Louis, Missouri, chose a guitar, spray painted black with a message written in gold: "20 years, 20 million tears." The Official Fan Club of Denmark has sent a bank of red carnations imbedded with a cross of white ones. On the swimming pool fence is a banner reading "Elvis — We thank you for the freedom you gave us — Brazilian fans." From Berlin came a yellow and red heart with a color photo of Elvis in the center. And at the head of the gravestone is a knee-high bronzed obelisk topped with a tricolor saying, "Paris Remembers Elvis."

such a stir. The biggest reason is that it is new. New! At a time when many drive-in theaters are dying, and most are gone. All over the highways, there are empty white screens where Frankie once wooed Annette and Bruce Lee entered the Dragon. So at eight weeks old, the Vintage Drive-In, bordered by cornfields about 15 miles (25 kilometers) east of Rochester, has become something to celebrate — like a new wooden roller coaster or a vanilla malt.

There is a multiplex 10 miles away showing the same movie, "Contact." But the Vintage is the place to go. This is why the ticket takers had to turn away cars last Saturday night, why the drive-in's second screen was opened on Sunday night and why the theater's co-owner, Paul Dean, can't help sounding like a Lottery winner when he talks about it. "All I keep hearing is that this is the best family entertainment," he said. "The business has been terrific."

## Coming Soon? Drive-In Movies Score Summer Hit

By Evelyn Nieves  
New York Times Service

AVON, N.Y. — It's show time at the Vintage Drive-In but the audience isn't ready. Two hundred cars have sat idling, lined up for half an hour. Now they want to unwind. The cars fumble through gravel paths, claim a patch of grass and pitch camp. Out pour the lawn chairs, blankets, Wal-Mart coolers. Mattresses, too. A Ford Explorer carries two of them: a toddler-sized mattress on the roof and a bigger mattress, where a man is lying, gazing at the Big Dipper, on the hood. On the screen, Jodie Foster is a scientist fighting the powers that be for her right to search for extraterrestrial life. The mosquitoes are out. The air smells like skunk. It could be 30 years ago.

And this is only part of why the Vintage Drive-In is creating

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